Austria ... Sch. 22	Indonesia .. Rp 3100	Philippines .. Pes. 20
Bahrain .. Din 0.650	Israel .... IS 3.50	Portugal .. Esc 100
Belgium ... BFr.48	Italy .... L 1600	S. Arabia .. Rls 6.00
Canada ... C$1.00	Japan Y600	Singapore . S$ 4.10
Cyprus ... C£0.75	Jordan ... Fils 500	Spain .... Pta 125
Denmark . DKr 9.00	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Egypt .... E£2.25	Lebanon . £L 50.00	Sweden .. SKr 8.00
Finland .. Fmk 7.00	Luxembourg . LFr.48	Switzerland SFr 2.20
France .. FFr. 6.50	Malaysia .. Rin 4.25	Taiwan ... NT $65
Germany . DM 2.20	Mexico .. Pes. 300	Tunisia .. Din 0.800
Greece ..... Dr 80	Morocco .. Dh 6.00	Turkey .... L 500
Hong Kong . HK$ 12	Netherlands . Fl 3.00	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway .. Nkr. 7.00	U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,219 — Monday April 27 1987 — D 8523 B

West Germans send QE2 into 21st century, Page 13

World news

Probe into security after IRA bomb

Britain's Minister for Northern Ireland Tom King is to launch an investigation into how the IRA obtained information which allowed them to carry out the murder of the province's second most senior judge in a car bomb attack on Saturday.

He said he would take a hard look at intelligence security and "how people knew he was on the road." Page 13

Soviets 'improve nuclear plants'

Soviet authorities said they had made technical changes to improve the reliability of nuclear power stations and ensure that an accident like the one at Chernobyl never happened again.

Tens of thousands of anti-nuclear protesters held rallies in Sweden, West Germany, France, Italy, Britain, the Netherlands, Japan and Moscow to mark the first anniversary of the Chernobyl accident.

Guernica recalled

Basques held a silent vigil on the 50th anniversary of the destruction of Guernica by the German air force during the Spanish civil war.

Iceland poll defeat

The Icelandic Government will resign tomorrow after the weekend's general election in which the ruling centre-right coalition was heavily defeated. Page 20

PLO angers Cairo

Egypt reacted angrily to a resolution of the Palestinian Liberation Organisation meeting in Algiers condemning Cairo's 1979 peace treaty with Israel. Page 4

Funaro's future

The future of Brazil's controversial Finance Minister Dilson Funaro looks likely to be settled this week as President José Sarney puts the final touches to his cabinet reshuffle. Page 2

Colombo curfew ends

The near-total curfew imposed on Colombo after last Tuesday's bomb blast killed 106 people was lifted. Sri Lankan authorities said the capital had returned to normal.

US condemns raid

The US condemned a raid into Zambia by South African commandos which Zambia said left four people dead.

Alert in Manila

Troops went on full alert in Manila after rumours of another revolt by Philippines soldiers.

Kim calls for help

South Korean opposition party leader Kim Young Sam appealed to the Government to help end violent disruptions of party meetings. Page 4

India cricket riot

Police imposed an indefinite curfew in parts of the western Indian city of Ahmedabad after five people were killed and six hurt in riots following a cricket match.

Saudi arms plan

Saudi Arabia considered plans to build four factories to increase its production of military equipment, the Defence Minister said.

Veteran MP dies

Veteran UK Labour Party MP John Silkin – who entered the House of Commons in 1963 – died suddenly at the age of 64. A tough opponent of the Labour Party's hard-line left, he had already announced he would not fight the next general election.

Cleaned out

A man blew up his house in Clermont-Ferrand, France, when a spark ignited petrol he put in his washing machine instead of detergent to try to remove stains from his clothes.

Business summary

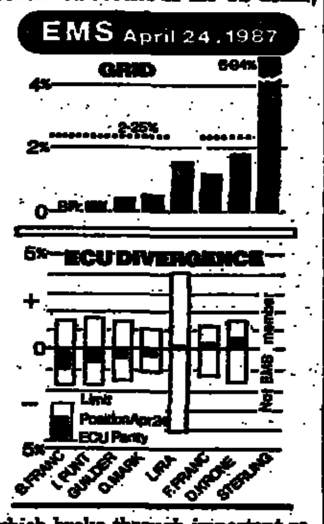
Shearson Lehman broker arrested

A BROKER for US securities firm Shearson Lehman Brothers, Mr Mark Stahl, was arrested at his home and charged with embezzling $19m in a cheque fraud scheme, according to Mr Rudolph Giuliani, US federal prosecutor.

Mr Stahl controlled two financial management accounts and is alleged to have traded in securities and written personal cheques by moving money between them. Mr Giuliani praised Shearson Lehman for bringing Mr Stahl's case to his attention. Page 2

EUROBOND issuing houses have reacted angrily to a draft directive drawn up by a European Community working party which they say would severely hamper their ability to arrange issues of securities on the international capital markets. Page 20.

EUROPEAN monetary system: Attention remained focused on the continued decline of the US dollar,



which broke through important resistance levels against the D-Mark and the yen despite further central bank intervention. While the D-Mark finished the week strongly, there was no appreciable change in the value of weaker members against the D-Mark and all currencies were trading comfortably within their divergence limits.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TOKYO: The Nikkei average dropped 102.64 in Saturday's half-session to close at 23,903.73.

MICHELIN, leading French tyre manufacturer, saw its net group earnings nearly double last year to FFr 1.9bn ($318m) from FFr 1.04bn the year before. Page 23.

BURLINGTON INDUSTRIES, largest US textile group, has received a $1.6bn bid from New York-based corporate raider Asher Edelman and Dominion Textile, Canada's biggest textile manufacturer. Page 23.

AT&T-PHILIPS, US-Dutch joint venture, does not want the American authorities to retaliate against France in protest against the rejection of its bid for CGCT, French state-owned public telephone exchange maker. Page 23.

UAL, embattled US airline and travel group, has rejected as "grossly inadequate" a $4.5bn offer for its United Airlines subsidiary from the United Pilots' Union. Page 23.

WORKERS at the US-owned Caterpillar tractor plant at Uddingston near Glasgow, Scotland, will return to work today after voting overwhelmingly to end their 14-week occupation. Page 12

EEC is asking Japan to cut its car exports to Europe below previously agreed levels. Shipments were 32.9 per cent up from a year before in the first quarter. Page 6

LONDON office accommodation costs are now higher than those in New York, according to a survey published today. Page 14

Nakasone US visit poses problems for friends

BY IAN RODGER IN TOKYO

THE invitation by US President Ronald Reagan to Japanese Prime Minister Yasuhiro Nakasone to make an official visit to Washington was seen originally as Mr Reagan's way of congratulating his Japanese friend on his enormous election victory last July.

Now, two days before Mr Nakasone flies to Washington, Mr Reagan must be wondering how to get through the seven-day visit without adding to his friend's problems.

For their part, Japanese Foreign Ministry officials see the visit as one of the most difficult by a post-war Japanese Prime minister. Some even see it as potentially dangerous. If major mistakes in bilateral economic relations are made, they could have a disastrous effect on the global economy, they say.

The visit comes when bilateral economic relations could hardly be more strained. Many in the US Congress and Administration have become increasingly angry with Japan's huge bilateral trade surpluses – $58.6bn last year – and the apparent contrast between the country's aggressiveness in foreign markets and its reluctance to open domestic markets to foreign products.

This anger turned in to tough action 10 days ago when Mr Reagan set punitive 100 per cent tariffs on a range of Japanese electronic products in retaliation for Japan's alleged failure to respect last year's bilateral semiconductor trade agreement. The agreement was aimed at stopping Japan dumping chips in export markets and in improving the access of US chip makers to the Japanese market.

Meanwhile, Congress is working on an omnibus trade bill which, if passed, could hurt a wide range of Japan's exporters.

These attacks come at an especially difficult time for Mr Nakasone. His popularity at home is at a record low, as a result of his controversial new sales tax proposal, which had to be aborted in parliament last week.

Many political analysts in Tokyo believe these reverses have already cost him the exceptional influence he has had on Japan's Government. Japanese prime ministers are often little more than passive chairmen, but Mr Nakasone has been able to lead on many issues. Now, with only six months left in his extended term of office, perhaps not even he is clear just how lame a duck he has become. That may add to the difficulties in Washington.

All of this overlays a large, complex and important agenda for the visit. Trade issues will dominate, and although the Japanese will complain that the new 100 per cent tariffs are illegal, the US will have the upper hand. It will demand that Japan remove barriers to foreign participation in more of its markets, such as agriculture, telecommunications, civil engineering and military equipment.

A decision on a new fighter aeroplane for Japan's defence forces is due within a few weeks. The US, which considers this a sector in which its technological advantage is unquestioned, will press Mr Nakasone not to yield to demands from domestic industry to develop a new Japanese fighter.

The US side will also want to hear from Mr Nakasone details of measures the Government is taking to stimulate its economy and re-orient it from export dependence towards domestic consumption. They will also want to know why these policies, adopted more than a year ago, are taking so long to implement.

The Japanese Government has also some tough issues to raise. On arms reduction, for example, it has been miffed by the concentration of US attention on Europe. Now that there are hundreds of Soviet SS-22

Continued on Page 20

EEC clamp on Japanese cars, Page 6

Thatcher, Chirac underline need for US troops

By Michael Cassell in London and Quentin Peel in Luxembourg

MRS MARGARET THATCHER, the British Prime Minister, and Mr Jacques Chirac, the French Prime Minister yesterday expressed their support for an arms control agreement on intermediate nuclear forces (INF) but stressed the importance of a continued US presence in Europe.

West European foreign ministers meanwhile gathered in Luxembourg for the start of three days of talks dominated by two of their most difficult dilemmas: East-West relations and how to react to the US and Soviet disarmament proposals, and how to resolve the financing crisis of the EEC.

The meeting at Chequers, the British Prime Minister's country

Former US President Richard Nixon and Dr Henry Kissinger, his former Secretary of State, said the terms on which the Reagan Administration was proposing to conclude an arms agreement with the Soviet Union could create the deepest crisis in Nato's history. Page 3.

residence, was the third between Mrs Thatcher and Mr Chirac in the last year and was devoted almost exclusively to the arms control issue.

Although both sides gave their support to an INF deal they emphasised their determination to ensure that any agreement was verifiable and balanced.

The leaders also spent some time discussing the level of defence cooperation within Europe. After the meeting, however, it was made clear that there was no question of any joint, nuclear initiative between France and Britain.

The talks gave an opportunity for Mrs Thatcher to report on her visit to Moscow while Mr Chirac gave a briefing on his recent visit to Washington. It was agreed that the seven-nation Western European Union (WEU), which meets tomorrow in Luxembourg, should continue to provide an important forum on defence issues, although not as a rival to Nato.

Consultations within Nato on its response to the Geneva arms talks are still under way and are expected to be completed within the next two or three weeks. They will then be submitted to the Geneva negotiations.

Continued on Page 20

Thatcher plans election offer, Page 12

Dollar fall threatens World Bank plan on global debt crisis

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE PLUNGE in the dollar is threatening the capacity of the World Bank, the leading international development institution, to play the role Mr James Baker, the US Treasury Secretary, envisaged for it in attempts to tackle the Third World debt crisis, according to World Bank officials.

The squeeze the bank is facing in its lending capacity coincides with a major reorganisation of the institution, including a top management reshuffle, which Mr Barber Conable, the bank's president is expected to announce soon, according to senior executives at its Washington headquarters.

The reshuffle follows the submission to Mr Conable at the beginning of the month of a 42-page report prepared by the Presidential Steering Committee on the Reorganisation of the World Bank. The report sharply criticises the way the bank functions, particularly its operations division which is headed by Mr Ernest Stern, who is widely seen within the institution as the most powerful single official.

The reorganisation report calls for changes which would lead to a significant dispersal of Mr Stern's power. Senior officials in Washington say the bank is alive with speculation over whether Mr Conable will ask for Mr Stern's resignation as senior vice president in the operations divison, and whether the reorganisation will lead to his departure.

The decline in the value of the dollar, bank officials say, means that what is known as the bank's sustainable level of lending – the volume of loans it can continue to make more or less indefinitely from its existing resources – has shrunk to just under $10bn annually.

In the current year, which ends in June, the bank is expected to make new loan commitments of $13.5bn but the ability of the institution to lend at current levels is threatened, according to a senior official.

When the so called "Baker plan" for tackling the debt problem was launched in October 1985, bank officials were talking about lending commitments rising by next year to between $16bn and $18bn.

Now, some say that without an urgent capital increase, such lending levels are inconceivable unless the dollar rises sharply. One official said the bank would have to cease making new loans if the dollar were to decline by a further 20 per cent against the major international currencies.

In private remarks to the Development Committee of the World Bank and the International Monetary Fund at the beginning of the month, Mr Conable said "outstanding and disbursed loans now exceed 80 per cent of the maximum which the bank is legally permitted ... the amount available to accommodate further increases in outstanding loans or further exchange rate movements thus becomes a matter of concern."

Bank officials say that Mr Baker has been informed about the threat to the bank's lending ability and the possibility that its capital may have to be increased.

However, US officials concede that the budget stalemate on Capitol Hill virtually rules out any chance that the now Democrat-controlled Congress would be prepared to consider a capital increase for the bank while the confrontation on budget priorities between the White House and Congress remains unresolved.

Senior bank officials say that the imminent and far reaching reorganisation of the institution means that major decision-making is on hold because so many staff do not know who they will be reporting to, what job they will be doing, or even whether they will have a job until Mr Conable makes his decisions on how to implement its recommendations.

Mr Conable's performance since he took over as president a year ago has also been criticised, partly because of the low morale of many of the bank's staff, but also because of the perception among some experienced officials that he has been, as one top official put it, "dithering" about what to do.

Some officials complain that his lack of experience in development issues, as a manager and on the international political and financial scene are proving bigger liabilities than many had feared when President Reagan named the former Republican Congressman to be the bank's president.

The steering committee report amounts to a scathing criticism of its operations which are judged to

Continued on Page 20

Trade ministers, Page 3; Editorial comment, Page 18

Baker cancels trip as trade debate deepens

BY OUR US EDITOR

MR JAMES BAKER, the US Treasury Secretary, has cancelled a trip to Australia planned for later this week in order to be in Washington during the official visit by Mr Yasuhiro Nakasone, the Japanese Prime Minister, and the debate on Capitol Hill over the shape of new trade legislation.

A US official, confirming Mr Baker's change of plan, gave no specific reason for the decision beyond the fact that there was so much activity in Washington this week.

There had been muted criticism of Mr Baker's planned absence which some believed weaken the Administration lobbying activities on Capitol Hill as the House debates its trade bill and the Senate finance committee begins to mark up its version of trade legislation.

The turmoil in the currency markets surrounding the dollar, and the speculation on Wall Street about whether or not the Federal Reserve needs to raise interest rates to defend the dollar, have also been arguments in favour of Mr Baker, the Administration's top economic spokesman, remaining in the US.

Senior Reagan Administration officials are keeping their deepening concern about the dollar private, but the Administration worries about the trade legislation was underscored over the weekend when President Ronald Reagan, in his weekly radio broadcast, claimed that the Democrats were exploiting the trade issue for political advantage.

"There are those in Congress ... who want to go for quick political advantage who will risk America's prosperity for the sake of short

Mr James Baker

term appeal to some special interest group," he said.

The Administration is succeeding in shifting the focus of the trade debate towards a single controversial clause proposed by Mr Richard Gephardt of Missouri, a presidential candidate. It would require President Reagan, in certain circumstances, to retaliate against trade surplus countries such as Japan if they did not remove trade barriers.

This focus on the so-called Gephardt amendment is allowing the Republican Administration to again paint the house bill as a "protectionist" measure which will damage the US economically.

Some top Democrats are expressing publicly their opposition to the Gephardt amendment. Mr Dan Rostenkowsky, chairman of the powerful house ways and means committee yesterday made clear

Continued on Page 20

Industrial countries told to curb agricultural output

BY MAX WILKINSON, RESOURCES EDITOR

A MAJOR shift of agricultural production from the industrialised to the Third World is urged today in a report by the World Commission on Environment and Development, an independent body set up by the United Nations.

This is one of the central recommendations of the commission, which was established in 1983 under the chairmanship of Mrs Gro Harlem Brundtland, the Prime Minister of Norway, to consider threats to the environment and world economy posed by rapid population growth and industrial expansion.

It says the industrial countries must quickly reduce agricultural subsidies to discourage excessive production and the unnecessary use of fertilizers and chemicals which damage the environment and can cause long-term degradation of the soil.

At the same time, says the commission, Third World countries must be encouraged to develop their food production using prudent methods which do not destroy natural resources.

At present the commission says, people on the breadline in developing countries are forced to cut down trees and over-farm poor land and do not have the resources to prevent this doing irreparable damage to the soil. As a result, the report estimates that productive land is being destroyed at a rate equivalent to creating a desert the size of Saudi Arabia every three decades.

To stop this, and the wholesale destruction of forests, the report says more aid will be needed from industrial countries. However, this must be carefully directed to projects which will conserve the natural environment and which will allow developing countries to pursue economic and agricultural growth at a rate sustainable in the long term.

The commission's 383-page report considers a wide range of other threats to the global environment, ranging from acid rain and the extinction of species, to the danger that burning fossil fuels will release enough carbon dioxide to raise the temperature of the planet. It is feared that even in the next 15 years – the rise in temperature could sufficiently melt the polar ice to cause widespread flooding and economic disruption.

The report says an urgent programme for conserving energy is needed to combat this threat and it calls for tighter national and international laws to protect the environment. It also says that a major campaign is needed to alert people to the dangers.

It says: "When the century began, neither human numbers nor technology had the power to radically alter planetary systems. As the century closes, not only do vastly increased human numbers and their activities have that power, but major unintended changes are occuring in the atmosphere, in soils, in waters, among plants and animals and in the relationship among all of these.

"The rate of change is outstripping the ability of scientific disciplines and our current capabilities to assess and advise."

Perils that threaten the world, Page 2

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OVERSEAS NEWS

Belgium aims to break EEC farm prices deadlock

BY QUENTIN PEEL IN BRUSSELS

BELGIUM WILL today launch a new effort to break the virtual deadlock between EEC member states and the European Commission over plans to freeze or cut most farm prices in the coming year.

Mr Paul de Keersmaeker, the Belgian Agriculture Minister, with the thankless task of negotiating a compromise, plans to spend the entire day closetted in closed-door talks with each of his colleagues one after the other, in the hope of finding more room for manoeuvre in private than in public.

Virtually every member state has found some serious grounds for complaint about the toughness of the Commission's price proposals, intended to keep a tight rein on the soaring costs of the Common Agricultural Policy.

The confrontation at the heart of the debate is between Mr Francois Guillaume, France's Agriculture Minister, and Mr Igaaz Kiechle, the West German minister. The former is determined to press ahead with dismantling the system of positive monetary compensatory amounts (MCAs) which protect German farmers from suffering the consequences of the strong Deutschemark, and penalise French competitiveness.

Mr Kiechle is equally adamant that the system must remain. He says the combination of scrapping the MCAs, which take the form of export subsidies and import taxes at West German frontiers, and actual price cuts will mean a real cut of more than 10 per cent in cereal prices for German farmers.

The other significant dispute is over the Commission's plan for a "stabilisation mechanism" for oils and fats, which would amount to a tax on vegetable and fish oils. The plan would not only hit consumers hard by raising prices for a product in excess supply but has also aroused fury from leading external suppliers like the US, Malaysia, Indonesia, and other palm oil and soyabean producers.

Britain, Denmark, the Netherlands and West Germany remain firmly opposed to the plan, although it would make a big contribution to cutting the cost of the CAP. They have yet to put forward alternative suggestions

Sarney ready to decide on future of Finance Minister

BY IVO DAWNAY IN RIO DE JANEIRO

THE FUTURE of Mr Dilson Funaro, Brazil's controversial Finance Minister, looks set to be settled this week as President Jose Sarney put the final touches to his long-awaited Cabinet reshuffle.

A clear majority of politicians now believes Mr Funaro cannot survive the onslaught of public criticism that economists, business and unions have launched at his handling of the domestic economy.

At the weekend, senior members of the dominant Democratic Movement Party (PMDB) were quoted by journalists as now discussing not if Mr Funaro would go, but who should replace him.

Nevertheless, there remain several commentators who believe that President Sarney may have great difficulty in finding a new minister acceptable to himself and to the party.

Moreover, while dissatisfaction with Mr Funaro's domestic policy remains high, a strong political lobby is determined that his decision to suspend payments on Brazil's $113bn (£70.62bn) foreign debts must be maintained by his successor.

Move to curb illegal immigrants in Europe

By Our Brussels Staff

BRITAIN and West Germany are expected to press for joint European action against illegal immigration during a two-day summit of interior ministers which opens in Brussels today.

A key item on the agenda of the so-called Trevi Group of 12 European justice and home affairs ministers will be the conclusions of a working party set up last year to examine how to harmonise rules on immigration, the granting of political asylum and external frontier controls.

Bonn, which received 100,000 asylum applications from East Germany last year, is understood to be calling for fast progress, as is Britain, whose immigration problem was highlighted recently by an embarrassing incident involving 64 Tamil refugees at Heathrow airport, London.

The working party has been examining whether to apply more widely measures already being taken by individual governments, such as West Germany's practice of fining airlines and other carriers for any passenger without proper documents and similar legislation— or a £1,000 a head penalty — now before Britain's House of Lords. The ministers are also expected to consider ways of streamlining procedures for dealing with refugees refused asylum by individual countries.

The session starts today with a preparatory meeting between Belgium, which chairs the group, and Britain and Denmark.

Work on European co-operation on external security has been stepped up drastically in the past year because of the need to strengthen the EEC's external barriers as a consequence of the community's progress, albeit halting, in dismantling frontier barriers to free travel between EEC states.

Also on the ministers' agenda will be proposals for exchanging information on false passports and forged travel documents, the movement of suspected terrorists, controls on the movement of firearms and explosives and whether to set up a working party to explore measures to contain football hooliganism.

Max Wilkinson on a call to conserve the earth's resources

Perils that threaten the world

EVER SINCE Malthus's treatise on the growth of world population, predictions of global doom have had a poor track record, mainly because science has come up with so many surprises.

Medieval man, for example, would never have dreamt that the world could support its present population of nearly 5bn and it may be that the 8.2bn population that the United Nations expects in the year 2025 will be supported with greater ease than most people now think.

However, the chances do not seem good. A 380-page report published today by the UN-sponsored World Commission on Environment and Development identifies a series of big dangers, some of which could disturb the earth's climate if they are not dealt with in good time.

The report, drawn up by experts from 21 countries under the chairmanship of Mrs Gro Harlem Brundtland, Prime Minister of Norway, points out that many so-called "natural disasters" in recent years result partly from over-exploitation of the land.

Moreover, in spite of the rapid progress of agricultural techniques, the number of hungry in the world is now thought to be greater than at any time in history.

In theory at least, the world could now produce enough food to eliminate starvation, but at the beginning of this decade about 340m people were close to starvation.

One of the major problems identified in the report is that the increasingly desperate efforts of poorer people to increase agricultural output are damaging the land, perhaps irreparably.

Over-use of poor soils in hot countries, the felling of trees for fuel and for timber exports and the excessive pumping of water from underground aquifers are all helping to destroy arable land and to encourage deserts to expand, the report says.

The loss of forests not only deprives future generations of wood supplies but can lead to climatic changes, flooding in lowland areas and general erosion of the soil. The commission estimates that 6m hectares (2.4m acres) a year of productive land is being turned into desert. In three decades this would amount to an area the size of Saudi Arabia.

More than 11m hectares of forest are being destroyed each year, and over three decades this would amount to an area the size of India. The report says: "Much of this forest is converted to low-grade farm land unable to support the farmers who settle it."

It says that, during the 1970s, twice as many people suffered each year from natural disasters as during the 1960s, adding: "The disasters most directly associated with environmental and development mismanagement—droughts and floods—affected the most people and

Gro Harlem Brundtland

increased the most sharply . . ."

In the 1960s about 19m people were affected by drought annually compared with about 24m in the 1970s. The report says: "The results are not in for the 1980s. But we have seen 35m afflicted by drought in Africa alone."

In addition to these specific threats, and the over-fishing and pollution of the oceans, the report also deals with the more general danger resulting from increased accumulations of carbon dioxide in the atmosphere and the destruction of atmospheric ozone by aerosol sprays.

The increased carbon dioxide is causing a "greenhouse effect", which, the commission says, could increase global tempertaures by the end of the century "enough to shift agricultural production areas, raise sea levels to flood coastal cities and disrupt national economies."

To avert these dangers the commission believes a major international effort is needed: to curb population growth, to ensure that care for the environment is an integral part of economic planning, to sharpen the focus of aid programmes on environmental probems, to conserve energy, to develop alternatives to burning fossil fuels and to help Third World countries achieve faster economic growth based on the sensible exploitation of their own agriculture.

The Commission says: "Our report . . . is not a prediction of ever increasing environmental decay, poverty and hardship in an ever more polluted world among ever decreasing resources.

"We see already the possibility for a new era of economic growth, one that must be based on policies that sustain and expand the environmental resource base."

To achieve this the commissioners say a major international campaign is needed to increase awareness of the potential dangers and they conclude: "We are unanimous in our conviction that the security, wellbeing and the very survival of the planet depend on such changes, now."

Our Common Future, by the World Commission on Environment and Development (Oxford University Press).

W German police raid Greens over census

BY DAVID MARSH

WEST GERMAN police at the weekend raided the Bonn headquarters of the Greens ecology party and confiscated leaflets calling for a boycott of next month's planned national census. They were acting on the orders of the public prosecutor on the grounds that the boycott call was inciting citizens to carry out an illegal act.

The action was condemned by Greens spokesmen as "criminal." The raid is the latest in a series of efforts by the authorities to counter attempts to disruptt he census on May 25, the first for 16 years.

Thet Greens, who declared after the police move that their boycott campaign would continue, claim that personal information collected through the census will not remain confidential and could be misused by the authorities.

The police action coincides with signs of growing divisions within the Greens movement over co-operation with the established political order. A split between the radical "fundamentalist" wing of the party and the "realists" who believe in working for change within the parliamentary system, has intensified over the past few months. This reflects thet Greens' dilemma over how to exploit their gain in popularity in January's general election, when they won 8.3 per cent of the votes.

● Anti-nuclear protesters demonstrated in several large West German cities on Saturday, above all Hamburg and West Berlin, coinciding with the anniversary of last year's Chernobyl accident.

There were demonstrations to in Tokyo, central Italy, Stockholm, Bern, the Netherlands and France.

Japanese protesters carrying banners saying: "No more Chernoblys", marched through Tokyo. Thousands of protesters linked hands outside a power plant in Cairso, central Italy.

Boeing announces $543m in orders

Boeing has announced that four airlines have ordered a total of 14 aircraft with a total value of about $543m, AP reports from Seattle.

Delta of the US increased its orders for the 767-300 jet by six to 15, each configured to carry 254 passengers. Lufthansa has ordered five more 737-300s bringing its total to 15. Qantas has ordered its first 767-300 ER, becoming the fourth carrier to do so. And Air France is buying two additional 737-200s. It currently flies 15 of the earlier model 737.

Chile police curb

Chile may reduce the scope of the widely-feared secret police organisation, the Central Nacional de Informaciones (CNI), according to a proposal by General Auguste Pinochet, writes Mary Helen Sponner in Santiago. It would eliminate the CNI's power to arrest people on Interior Ministry orders and would close the organisation's detention centres.

Le Pen to stand

Mr Jean-Marie Le Pen, leader of France's extreme right-wing National Front Party, has become the first candidate to announce officially that he will stand in the presidential elections next year, writes George Graham in Paris. He was a candidate in the 1974 presidential election won by Mr Valery Giscard d'Estaing, and obtained only 0.74 per cent of the votes cast. In last year's parliamentary elections, however, his party took 9.8 per cent of the votes in metropolitan France.

Polish sweep

Polish police at the weekend completed a sweep against the opposition in a bid to put the Solidarity movement off balance before May Day, which traditionally sees special church services and calls for rallies, writes Christopher Bobinski in Warsaw. They searched houses and detained some activists for 48 hours, confiscating leaflets and printing equipment in a number of cities, including Warsaw and Wroclaw.

Italian vote

Italy's caretaker Prime Minister, Mr Amintore Fanfani, today winds up the parliamentary debate which is expected to be followed tomorrow by a vote of confidence and the dissolution of parliament in preparation for an early general election in June, writes Alan Friedman in Milan.

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India condemns air attack on Tamils in Sri Lanka

BY JOHN ELLIOTT IN NEW DELHI

RELATIONS between India and Sri Lanka deteriorated sharply over the weekend in the wake of the island's recent extremist violence and subsequent widespread air attacks by Sri Lankan forces on Tamil areas.

India's External Affairs Ministry yesterday strongly condemned the air attacks and other military measures. A spokesman said that "senseless violence" had taken place whole India was making efforts to find a peaceful solution.

The spokesman also described as extraordinary a statement made on Friday by Mr R. Premedasa, the Prime Minister, in the Sri Lankan parliament that his Government was not prepared to seek a political solution to the island's ethnic crisis while the extremists' violence continued. Mr Premedasa had said that "any friend who now asks us to find a political solution will be considered an enemy."

India yesterday responded to his remark by repeating its call for a political settlement, and said both sides should exercise restraint.

It has been trying for more than two years to help negotiate a settlement to the ethnic claims of Sri Lanka's Tamil minority and was starting a fresh initiative with extremists' leaders in New Delhi when the latest spate of violence broke out.

India accepts that the Sri Lankan Government has had to take tough measures and issue outspoken statements in order to deter the island's Sinhalese majority from starting a widespread violent backlash against the Tamils. But India believes that Mr Premedasa went too far and that the continued air attacks are likely to cause so many Tamil deaths that it will be harder to resume peace initiatives when the military offensive has ended.

Soviet openness policy ends secrecy over AIDS

BY DAVID BUCHAN IN MOSCOW

THE SOVIET glasnost or openness campaign has claimed a new victim—the secrecy surrounding AIDS. The virus was previously mentioned only sporadically by the Soviet media, which last year alleged it to be a by-product of US biological warfare research.

Last week there were suddenly several extensive newspaper articles and one television programme devoted to detailing government action on AIDS and containing the official claim that the Soviet Union has 32 registered cases, 30 of them involving foreign students.

This is few compared to the number of cases in most western countries with smaller populations. However, it is now clear that the battle for the Soviet authorities is as much against rumours about AIDS as against the disease itself.

An article in Medical Gazette revealed that a recent dysentry epidemic in the southern Ukraine, caused by infected milk products, was widely believed by locals to be AIDS. In an information vacuum, Russian rumours have frequently proved they can multiply as quickly as bacteria.

Earlier last week in Medical Gazette, Dr G. Khlyabich, Deputy Health Minister, and Mr V. Zhdanov, head of the Ivanovski Virology Institute, singled out the importance of testing Soviet citizens returning from long stints abroad and foreigners, particularly students, living in the Soviet Union for more than three months. Dr Khlyabich said one of the two registered Soviet victims of AIDS, a young homosexual, had caught it in Africa and passed it on back home.

The degree of compulsory testing is not clear. A new clinic in Moscow has opened for voluntary testing.

Apparently 105 cities around the country now have laboratories with special equipment, and 300 such test centres are planned by 1990.

Many Soviets are worried that their country's endemic lack of disposable syringes adds to the risk of catching AIDS, Dr Khlyabich admitted. It is not unknown for westerners seeking blood tests at Moscow hospitals to take their own disposable syringes with them, only to have them pocketed by the doctor who uses the re-usable kind on them.

US and Moscow make final plays in two sets of arms talks

BY WILLIAM DULLFORCE IN GENEVA

THE US and the Soviet Union are now playing end-games in Geneva in two sets of negotiations that could start the world on the roads to nuclear disarmament and to obliterating the horror of chemical warfare.

This week the final play starts in bilateral US-Soviet talks about the removal from Europe of all intermediate nuclear forces (INF). This week, too, the UN disarmament conference will conclude a spring session at which the US, the Soviet Union and some 40 other nations have come closer than ever before to completing an international convention abolishing chemical weapons.

Soviet officials, who in the next few days are expected to place on the table Moscow's version of an INF treaty in response to the draft submitted by the US in March, say they want speedy conclusions—within 1987—in both negotiations.

More cautious US officials warn that the end-games can be protracted. President Ronald Reagan wants a summit meeting with Mr Mikhail Gorbachev in Washington later this year, to sign the world's first-ever nuclear disarmament agreement, but he has to present to the American public a deal that is demonstrably cheat-proof.

Similarly, after two confidence-building moves in which the Soviet Union announced that it had stopped making chemical weapons and was building a plant to destroy them and the US invited Soviet experts to visit the site at which it demolishes its chemical arms, US officials emphasised last week that adequate "disincentives to cheating" still had to be built into the chemical weapons convention.

Verification—provision in the treaty for the most stringent inspection of the other side's compliance with its terms—is the name of the end-game for the US in the INF talks. Not primarily, it should be noted, negotiation of a complementing deal under which the two superpowers would retain equal numbers of shorter-range nuclear forces (SRINF) in Europe as reassurance for some Nato countries.

Last week both Washington and Moscow showed impatience with fears voiced by Nato's European members, notably West Germany, that an INF treaty covering medium-range (1,000 km to 5,000 km) missiles and incorporating agreement to eliminate shorter-range (500 km to 1,000 km) nuclear arms as well would leave them exposed to Warsaw Pact superiority in conventional forces.

Mr Gorbachev made the move opening up for the end-game on INF when Mr George Shultz, the US Secretary of State, was in Moscow on April 13-15. He offered to eliminate globally all Soviet shorter-range nuclear missiles.

An earier move had been Mr Gorbachev's decision in February to uncouple the INF treaty from agreement by the US to limit President Reagan's Strategic Defence Initiative (SDI) to research and not to deploy weapons in space.

On March 4 the US responded by tabling a draft INF treaty providing for verification and agreement to retain an unspecified but equal number of shorter-range missiles on each side. Effectively this would have called for the Soviet Union to destroy missiles and for the US to build up its shorter-range arsenal to the agreed level.

Removal from Europe within five years of the 270 Soviet triple-headed SS20 missiles deployed against Western Europe and of the 108 Pershing 2 and some 200 cruise missiles stationed there by the US as part of a planned build-up to 572 missiles by the end of 1988 is the agreed basis of the INF treaty.

Provisionally, it is also agreed that INF systems worldwide should be abolished, leaving only 100 warheads each in Soviet Asia and on US territory, although the US would still prefer the total elimination of INF arsenals.

In response to the US demand for equal "contraints" on shorter-range missiles, Moscow's draft text is expected to offer to remove in the signing of the treaty the 42 SS23 and SS12/22 missiles deployed in Czechoslovakia and East Germany, to eliminate the 130 SRINF weapons deployed against Western Europe and to negotiate the global elimination of missiles in the 500 km-1,000 km category.

US officials are not sure how the Soviets envisage the timing and conditions for the SRINF cuts in Europe and the link between the INF treaty and the negotiation on global SRINF elimination. However, Moscow is apparently not insisting that the 72 West German Pershing 1A missiles, whose warheads are under US control, should be included in an SRINF deal.

Mr Shultz told the Soviets he would have to consult his allies before replying to their SRINF offer but both his comments and those of other US officials last week indicated that they do not want Nato hesitations to stand in the way of an INF deal.

Nato has been trying to thrash out a common position on the shorter-range missiles, but it is evident that Washington is ready to accept the Soviet offer in principle and to concentrate in Geneva in the next few weeks on having stringent verification provisions written into the INF treaty.

So far, US officials say, the Soviets have responded only with generalisations to specific US proposals for anti-cheating measures. Mr Gorbachev said

In the meantime, US negotiators will present in the next few days protocols on verification which they want attached to the treaty. These can be expected to detail obligations to exchange data about each other's nuclear weapons and procedures for destroying and controlling the destruction of missiles.

The US is insisting that the treaty should give neither side the right to veto a request to inspect compliance with its terms. Washington also wants the treaty to provide for a limited number of challenge inspections of other nuclear weapons facilities than those scheduled for destruction under the treaty.

US-Soviet talks in the other two nuclear arms control categories — strategic missiles and space weapons—resume in Geneva next week but both sides are focusing their efforts on the end-game at the INF table.

Nixon and Kissinger sound warning over deal

Former President Richard Nixon and Dr Henry Kissinger, the Secretary of State in the Nixon Administration and his closest foreign policy adviser, have sharply attacked the terms on which the Reagan Administration is proposing to conclude a deal on intermediate range missiles with the Soviet Union, writes Stewart Fleming in Washington.

They say they have decided to speak out jointly for the first time since leaving office because they fear that the US may strike "the wrong kind of deal (which) could create the most profound crisis of the Nato alliance in its 40-year history." They argue in a lengthy article published in yesterday's Washington Post that the intermediate range missile reductions must be linked "to the huge Soviet conventional superiority" in Europe.

Their decision to collaborate in such a way for the first time since Mr Nixon was forced out of the White House by the Watergate scandal is a further sign of the growing concern among an influential body of US arms control experts about the proposed deal.

It follows a statement by Senator Sam Nunn, the Democratic chairman of the Senate Armed Services Committee and the most influential military expert on Capitol Hill, calling for the insertion into the proposed treaty on intermediate range missiles of a "supreme national interest" clause. Sen Nunn is reported as saying that the treaty should include a provision allowing the US to abrogate it if the Warsaw Pact maintained its current edge in conventional forces.

The Washington Post reported yesterday that the Soviet Union launched a new arms control initiative during the visit to Moscow earlier this month of Mr George Shultz, the US Secretary of State. It said Moscow had proposed a meeting of top military officials to confer on the interpretation of the 1972 Anti-Ballistic Missile Treaty. The Administration is expected shortly to disclose the results of its latest review of the terms of the treaty.

It has previously unilaterally reinterpreted the treaty in a way which is seen to be designed in part to permit broader testing of Strategic Defence Initiative technologies. Administration critics charge that this broader interpretation of the treaty fundamentally weakens it and, if put into effect formally, would raise additional obstacles to an arms control agreement on long range or strategic missiles.

● Reuter adds from Bonn: The US Under-Secretary of Defence, Mr Richard Perle, was quoted yesterday as saying he thought the US could accept a Soviet proposal to scrap shorter-range nuclear missiles — but only if it received allied support.

He told Der Spiegel magazine that he expected Washington to respond to the Soviet offer during the latest round of arms talks in Geneva, which resumed last week.

All Soviet shorter-range missiles had to be taken into account, not just those stationed in Europe, he said. Both superpowers had to have equal numbers.

Dr Kissinger: worried by imbalance

Trade ministers emerge from summit more optimistic about easing tension

BY IAN RODGER IN KASHIKOJIMA, JAPAN

TRADE MINISTERS of the leading industrialised economies emerged from a weekend of meetings at this Japanese seaside resort 250 miles west of Tokyo a little more optimistic than when they began that trade disputes would be resolved soon and amicably.

They were particularly optimistic about progress on agriculture after commitments from the European Community and Japan to reduce their barriers. Hopes were also expressed that the huge Japanese trade surpluses would soon decline significantly.

The talks, among the Japanese, US, EEC and Canadian ministers, were the latest in a series of informal quadrilateral meetings in the past six years.

Mr Hajime Tamura, the Japanese International Trade and Industry Minister, said at the closing Press conference yesterday that the ministers had agreed that the present "extremely difficult situation" should be settled not through mutual recrimination or restraints to trade, but through expanding trade and solving disputes under international rules.

Mr Clayton Yeutter, the US trade representative, suggested that an important result of the meetings was that the four improved their personal relations and this would lead to better policy co-ordination in the future.

All this was some distance from the opening session on Saturday when Mr Yeutter and the EEC trade commissioner, Mr Willy de Clercq, sharply criticised the Japanese for their persistent trade surpluses and their failure to match commitments to reform with action.

According to an EEC spokesman, the two warned that the time for talking was over. The surpluses had to drop quickly if they were not to cause serious repercussions in both the EEC and the US.

Mr Yeutter was reported to have said that the US needed evidence of progress before September when the Senate was expected to vote on an omnibus trade bill.

Mr de Clercq said the impact of the measures announced by the Japanese would take time to be felt, "but there is no time: the house is burning."

The Japanese were prepared for the attack and tried to demonstrate they were making their best efforts to expand domestic demand and restructure the economy. Mr Tamura outlined a Y5,000bn (£21.6bn) package of stimulative measures for the economy—that his Government will approve formally tomorrow.

However, he acknowledged at the closing press conference that the world's financial markets had lost confidence in economic policy statements

"In the past, we have announced policies, but when it came to the action required, it was done in a way that satisfied no one," he said. "From now on, when we announce something, it has to be accompanied with action. We need credibility to gain confidence.

During their meetings, the ministers discussed the forthcoming round of trade liberalisation negotiations—Uruguay, which would include agricultural issues.

Mr de Clercq said the EEC wanted the four to accept a collective responsibility for reforming agricultural support systems, notably by decoupling income and production support systems. The Japanese said they too were ready to reduce farm support programmes.

The ministers said they hoped progress on agricultural issues would be made at the ministerial meeting of the Organisation for Economic Co-operation and Development (OECD) in Paris next month.

Nakasone to make fresh attempt at tax reform

By Our Tokyo Correspondent

MR YASUHIRO Nakasone, the Japanese Prime Minister, will attempt to introduce a new tax reform plan within a few weeks, and he is demanding that the current legislative session be extended by up to three months to get it through.

The move, conveyed to party leaders at the weekend is being interpreted in Japan as part of a desperate attempt by Mr Nakasone to restore his political power and prestige following the Government's humiliating withdrawal from the Diet last week of its unpopular sales tax proposals.

The Prime Minister may also hope to use his official visit to Washington starting on Wednesday to rebuild his battered image at home, although he is going at a time when it will be difficult for his friend, US president Ronald Reagan, to provide much help.

Japan is under heavy attack from many quarters within the US Government for its huge trade surpluses and alleged unfair trading practices.

Until Mr Nakasone's move to reopen the tax reform issue, most political analysts thought his prestige had been irretrievably damaged by recent reverses and that he would be forced to stand down soon.

Following last July's landslide election victory by the ruling Liberal Democratic Party (LDP), party leaders gave Mr Nakasone an unusual one-year extension to the two two-year terms he had already served. However, his popularity and that of the Government have plummeted in recent months because of widespread criticism of the plan to introduce a 5 per cent sales tax on most goods and services.

The LDP's heavy losses in local elections two weeks ago emboldened opposition forces, leading to last week's debacle when the opposition successfully blocked passage of the Government's Budget until the sales tax plan was withdrawn.

Analysts have been suggesting that party leaders might even demand that Mr Nakasone stand down before the Venice summit of the seven leading industrialised nations in June, rather than allow him to complete his extended term at the end of October.

OVERSEAS NEWS

Cairo angered by PLO censure of Israel pact

BY TONY WALKER IN CAIRO

EGYPT HAS reacted angrily to a *resolution of the Palestinian* movement in Algiers condemning Cairo's 1979 peace treaty with Israel.

Egyptian officials are discouraging speculation, however, that Egypt will close Palestine Liberation Organisation (PLO) offices in Cairo in retaliation, though some downgrading of the relationship seems inevitable.

The Palestine National Council (PNC), the "*parliament-in-exile*", *approved* a resolution that in effect demanded Cairo's abandonment of the 1978 Camp David accords leading to the peace treaty *with* Israel. The *resolution* theoretically bars PLO contacts with Egypt.

President Hosni Mubarak of Egypt sent a strongly-worded *message to Mr Yassir Arafat*, chairman of the PLO, on Friday warning against the PNC adopting such a resolution on the grounds that it would constitute *an intereference in Egyptian* internal affairs.

Egypt's delegation to the PNC, led by a senior foreign ministry official, was withdrawn yesterday before the resolution was adopted in protest at what was described as a "hostile debate". The PNC had been discussing relations with Egypt.

PLO radicals threatended to walk out of the PNC unless an agreement to censure Cairo was upheld. Egypt is the only Arab country to have concluded a separate peace with Israel.

Mr Arafat had tried to secure a milder resolution, but gave ground when the Damascus-*based radical groups* threatened to withdraw. The reunified PLO has now assumed a more radical posture following the 18th PNC. In doing so it has irritated *moderate Arab states* such as Egypt, Jordan and Morocco.

The PNC abrogated an accord signed by Jordan's King Hussein and Mr Arafat in early 1985, in which the two men agreed to co-ordinate peace efforts.

The PLO decision to allow a representative of the Polisario Front fighting Morocco in the Western Sahara to address the PNC infuriated King Hassan. The Moroccan monarch ordered his officials to cease contact with the PLO.

Ibrahim Saada, editor-in-chief of the Akhbar el Yom, a weekly *newspaper in Cairo, said at the* weekend that "Egypt will take severe action against the Palestinian leadership if the council adopts any resolutions aimed *at causing a split between the* Egyptian people and their leaders."

Israel cabinet ministers said yesterday the PLO had effectively excluded itself from Middle East peace efforts by adopting hard-line positions at its meeting in Algiers.

"The meeting • strengthened those of us who think the PLO and peace are mutually exclusive," the Communications Minister, Mr Amnon Rubinstein, said.

Mr Saada, whose views reflect those of Egyptian leaders, said *Egypt should drop its support* for the Palestinians and "pay more attention to the problems of the Egyptian people."

The PNC, which has about 440 members, re-elected Mr Arafat chairman of the PLO's executive committee, effectively its cabinet. His re-election was greeted with a standing ovation

The reunification of pre*viously estranged PLO factions* under his leadership after four years of bitterness and division, was seen as something of a triumph for the PLO chairman.

The PLO's executive committee was enlarged from 10 to 15 *members to include* representatives of previously estranged Marxist factions such as the Popular Front for the Liberation of Palestine (PFLP) and the Democratic Front for the Liberation of Palestine (DFLP).

Abul *Abbas*, whose men hijacked the Italian cruise liner, Achille Lauro, in 1985, was reappointed to the executive committee. Abbas is leader *of the pro-Arafat wing of the* small and divided Palestine Liberation Front.

The PNC called for an international conference on the *Middle East to be attended by* the PLO on an equal basis with other parties to the Arab-Israeli dispute. In another resolution, the PNC said the Palestinian *movement should improve ties* with Syria. Mr Arafat and President Hafez al Assad are arch rivals. Syria has sought to create an alternative PLO *leadership to that of Mr Arafat.*

Egyptian officials are highly critical of deliberations in Algiers: "They are politicking by realigning themselves, but *at the expense of a rational* Palestinian strategy," said one official.

Western observers in Cairo say that the reunification of the PLO *is* a setback to peace efforts. It will now be more difficult, they say, to persuade Israel and the United States to participate in the peace process. An Egyptian official said the Palestinians had "gone back to square one." There was a danger, he said, the Middle East would be plunged into "another *state of chaos.*"

Egypt restrains bank lending

By Our Cairo Correspondent

BANKS in Egypt have been *instructed to limit growth* in loans in the first six months of this year to 2.5 per cent of last year's portfolio to comply with understandings reached with the International Monetary Fund.

Bankers were called to Egypt's Central Bank yesterday to be told of the credit squeeze which is aimed at curtailing inflation. The meeting was presided over by Salah Hamed, the central bank governor.

Bank representatives are highly critical of the new restrictions which they say are "unrealistic." Most banks have exceeded the loan ceilings.

A *foreign banker, who* heads a joint venture bank, said he would have to call in some loans and review commitments. The central bank *said it would hold further discussions* with bankers in June on the new arrangements.

Many bankers said they would have great difficulty complying with the restrictions. It was unclear what penalties, if any, would be imposed for lack of compliance.

Egypt's banking sector is also *bracing itself* for the introduction of new foreign exchange regulations aimed at establishing a more realistic official rate for the Egyptian pound.

A committee representing the four large commercial public sector banks, plus representatives of joint venture banks, the central bank and Ministry of Economy will decide on a new "market" rate each trading day.

Bankers expect the rate to be close to that applying on the "free" unofficial market in which billions of dollars are traded each year. The IMF, which is providing Egypt with balance of payments support in exchange *for a reform programme*, is pressing for a rationalisation of the country's multi-tiered official exchange rate system.

Egypt and the IMF are understood to have agreed to the gradual introduction of exchange rate reforms over 18 months. The tourism sector is expected to start operating, according to the new official exchange rate when it is introduced in "a matter of weeks."

The Government, at IMF urging, wants to draw foreign exchange, presently traded in the unofficial market, into the banking system. Bankers say this will be difficult to achieve without involving black market money dealers in the system by licensing their activities.

Kim in appeal to end violence

BY MAGGIE FORD IN SEOUL

MR KIM YOUNG SAM, leader *of South Korea's new opposition* party, has appealed to the Home Affairs Minister for help in stemming violent disruptions of party meetings by hooligans.

The Party for Reunification and Democracy (PRD) plans to hold its inaugural convention in Seoul on Friday. Efforts by local party committees to hold *preparatory meetings have been* broken up by mobs of youths wielding clubs and steel pipes.

The party headquarters in Inchon was set on fire and a number of people have been injured. Police were reported to be investigating the cause of the violence yesterday after newspaper editorials condemned it. The *PRD* has linked the ruling party to the hooligan's activities, a charge it denies.

The party has faced several other difficulties in its first two weeks. Its co-leader, Mr Kim Dae Jung, has been placed under house arrest and allowed no visitors. *Six party members* have been charged with a number of offences ranging from forging promissory notes and tax evasion, disseminating anti-*government propaganda to* journalists and diplomats, and instigating student unrest. Although the alleged offences are said to have occurred years ago, *the parliamentarians risk* losing their seats in the National Assembly if they are found guilty.

The party has been denied access to meeting *halls large* enough to hold its convention and has suffered biased coverage on television over the hooliganism, say party leaders.

Efforts by the party to collect funds from supporters have been set back by a technical ruling of the central election management committee, which oversees political fund raising.

The PRD was formed by the two Kims two weeks ago when they *and 73 supporters resigned* from the New Korea Democratic Party.

Several days later President Chun Doo Hwan said in a *nationwide broadcast that he* was suspending negotiations on the revision of the constitution in advance of free elections until after the Seoul Olympic *Games in September next year.*

Chun, who leads the ruling Democratic Justice Party, has promised to step down at the end of his term in February *next year.* The *DJP plans to* hold its annual convention to choose a presidential candidate in June. At present, Mr Roh Tae Woo, deputy leader of the party and like *president Chun*, a retired general, seems the likely choice.

The opposition intends to boycott the election, which will be held under the old electoral college system.

Malawi troops in Mozambique, says Chissano

BY VICTOR MALLET IN MAPUTO

MOZAMBIQUE'S President, Mr Joaquim Chissano, has confirmed the presence of Malawian troops in the country, a development which further broadens the international dimensions of the 11-year-old conflict between his Marxist government and rebels of the Mozambique *National* Resistance (MNR).

Already there are more than 6,000 Zimbabwean and Tanzanian soldiers, and hundreds *of East block advisers, helping* the Government to fight the MNR guerrillas and defend transport routes from Mozambican ports to the African *hinterland.* Next month, Britain is stepping up its military training programme for Mozambican officers at a camp in eastern Zimbabwe.

The 47-year-old President, in an interview with the Financial Times ahead of his visit to Britain on May 6, said the Malawians were helping protect workers repairing the railway line from Malawi to the Mozambican deep-water port of *Nacala.* The port has been cut off by the war but could in future handle most of Malawi's agricultural exports which now take the long and expensive route to *South Africa.*

Mr Chissano, who became President after the death of President Samora Machel in an air crash last October, *declined* to *say* how many Malawians were inside his country. He said relations had improved markedly since last year, when Mozambique and *other front-line states, accusing* landlocked Malawi of harbouring MNR guerrillas, threatened to cut off the country's trade routes.

"*We signed an agreement* with Malawi in December," he said. "That's what led to some Malawian forces getting involved We have to guard people who are working on the line, so they are participating in this."

Mozambican officials believe that guerrillas of the MNR, an organisation founded by the former white Rhodesian government of Mr Ian Smith and later *taken over by South Africa to* destabilise Mozambique, are still infiltrating from Malawi but apparently without the connivance of the Government there.

"We did not expect that Malawi would be able *to block* at once the crossing of the bandits or even the utilisation of Malawian territory," Mr Chissano said.

He also expressed *suspicion* that the South Africans were continuing to violate the Nkomati Accord of 1984, under which South Africa pledged to stop supporting the MNR and Mozambique promised to stop helping the African National Congress fighting the Pretoria Government. "After some period of quietness we are getting information now about overflights, about strange planes in different areas, and there are people speaking about fresh *supplies* to the bandits," he said. "We don't have any other source of planes here besides South Africa."

Following an influx of MNR *guerrillas from Malawi towards* the end of last year and the capture then by the rebels of several towns in Zambiezia province, government forces, despite being generally ill-equipped and poorly-trained, have recently registered a series of successes in the north of the country, recapturing towns and regaining control of the coastline. The MNR has increased its operations in the south, occasionally attacking vehicles on the roads from Maputo to South Africa and Swaziland.

Although welcoming *military* aid from the front line states and other sources, President Chissano ruled out the possibility of a United Nations force *to keep peace in Mozambique* and rejected the idea of talks or a ceasefire with the rebels who have devastated the country and left millions at *risk from* starvation.

"In this kind of war the UN forces *would not know even* where to stand. There are no demilitarised zones, there's no frontline," he said.

EEC clamp on Japanese cars

BY IAN RODGER IN KASHIKOJIMA

THE European Commission wants the Japanese car industry to reduce its exports of cars to EEC countries this year from a previously agreed level.

Mr Willy de Clecq, the EEC Trade Commissioner, said at the weekend that Japanese car shipments to the EEC rose 32.9 per cent in volume in the first quarter of the year.

"It is very worrying," Mr de Clerq said at a press conference during the quadrilateral trade ministers meeting at Kashikojima.

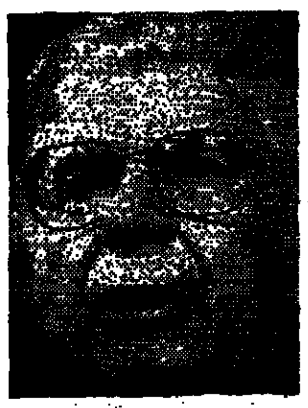
He said Japanese officials had assured him that the surge in the first quarter was a temporary phenomenon. Companies were rebuilding their stocks after curtailing shipments late last year to keep within the levels called for in a voluntary restraint agreement (VRA).

Japanese officials predicted that the trend would moderate for the rest of this year and so shipments would end up only 10 per cent higher than last year, in line with this year's VRA.

However, Mr de Clecq said the commission felt the VRA was no longer suitable, partly because the EEC car market was expected to decline by 3 per cent this year compared with a 6 per cent growth last year.

He pointed out that a 10 per cent increase in Japanese car sales in Europe would amount to roughly 100,000 units, which was more than two times the total annual sales, 40,000 units, of EEC cars in Japan.

Consequently, the EEC was asking Japanese producers to moderate their car exports to Europe.



De Clercq curbs

European car production 'set to fall' this year

Kenneth Gooding on a forecast that will prompt anxiety about excess capacity

CAR PRODUCTION in western Europe could fall this year by 200,000 compared with the 11.4m recorded last year, says the DRI Europe forecasting group.

The predicted drop, equivalent to the annual output of a medium-sized car plant, would again prompt anxieties about excess capacity in Europe.

DRI suggests there was a slight deterioration in Europe's net car trade with the rest of the world last year compared with 1985 when it was roughly in balance.

But in the next few years a small improvement in net trade is forecast as exports to the US, Europe's biggest single export market, continue to grow.

DRI envisages European car sales rising from 656,000 in the US last year to 822,000 in 1992 or 7.2 per cent of the expected market.

Sales by West German producers in the US will barely grow from the 1986 level, says DRI, but Jaguar and Austin Rover in the UK, Renault and Peugeot in France and Volvo of Sweden are all forecast to make considerable headway.

DRI also points out that Fiat has big plans—sales of 40,000 a year in the US—for its newly acquired Alfa Romeo subsidiary.

DRI says prospects for the US market this year are grim as consumer demand, including demand for cars, gives up its role as the main engine of growth in the US recovery.

The forecasters say Japanese manufacturers intend to "pursue their assault on the US market unintimidated by mounting protectionist pressures in Washington."

By 1990 the Japanese could capture 37 per cent of the US car market by holding export shipments at 2.3m while building another 1.5m in the US and supplying 300,000 cheap cars from other East Asian countries.

In contrast, DRI forecasts that by 1992 car imports to Japan will have grown from 68,000, or 2.2 per cent, last year to only 114,000, or 3.3 per cent, by 1992.

Worldwide car sales this year are predicted to fall by 2.6 per cent, or nearly 900,000, from the record 33.2m in 1986.

World Automotive Service Forecast Report. £1,600, from DRI, 30 Old Queen St, London

CAR FORECASTS (000s)

	1980	1986	1987	1990
World				
Sales	28,843	33,226	32,361	33,906
Western Europe				
Sales	10,119	11,622	11,388	11,675
Production	10,347	11,817	11,638	12,311
Total EEC				
Sales	9,216	10,470	10,298	10,504
Production	10,347	11,395	11,209	11,852
North America				
Sales	9,907	12,541	11,805	11,497
Production	7,212	8,792	8,981	7,625
Japan				
Sales	2,854	3,146	3,164	3,339
Production	7,038	7,810	7,633	7,848
South Korea				
Production	57	457	725	1,039
Exports	15	299	540	769

Source: DRI, Europe

Strong yen encourages Japanese to travel

By Carla Rapoport in Tokyo

THE YEN's appreciation may be putting the skids under Japan's economic growth but it is causing an unprecedented boom in one area which should please the country's trading partners—overseas travel.

Nearly 250,000 Japanese tourists will leave Japan this week for the annual Golden Week holidays. The Japan Travel Bureau says this will be the largest spring exodus on record, thanks to the strong value of the yen and the increasing tendency of young Japanese to take their holidays.

A JTB survey shows that the average Japanese tourist will squeeze his annual holiday into six days but spend nearly $2,000 (£1,204) in that time. This figure does not include money spent on meals or the two top-rated Japanese holiday pastimes shopping and golf.

This year, however, shopping will probably take precedence. The effects of the high yen has yet to be passed on to Japanese consumers at home, so the only chance for them to feel truly rich is to shop abroad.

Most of this week's travellers are headed for Asian or American destinations.

South Korea unveils $2.6bn plan to cut trade surplus with US

BY MAGGIE FORD IN SEOUL

DETAILS of South Korea's plans to buy goods worth $2.6bn (£1.6bn) from the US to reduce its trade surplus were unveiled at the weekend as the Government announced that it would consult the International Monetary Fund about the appreciation of its currency.

South Korea plans to switch almost all its imports of agricultural products, worth $719m, over the first three-quarters of the year to the US.

Wheat, corn, soyabeans and cotton imports formerly bought from countries such as Argentina and China would add about $200m to the US import bill, officials believe.

Imports of parts and raw materials worth about $250m for the electronics, shipbuilding and steel industries are to be switched from other markets, such as Japan, to the US.

Private sector companies are to be allowed to borrow in foreign currency from the Central Bank to buy machinery and equipment worth $1.1bn and state enterprises will spend $480m on US goods, including a $15m super-computer.

The Government expects these measures will produce a net increase of some $1.1bn in US imports this year. South Korea's trade surplus with the US reached $7.2bn last year and was projected last week at a possible $10bn to $12bn this year.

Mr Malcolm Baldrige, the US Commerce Secretary, who held talks on trade in Seoul last week, welcomed South Korea's attitude to US complaints describing it as very different from the approach adopted in Japan.

Mr Baldrige had been expected to take a stern attitude to the level of the South Korean currency, the won. In the event he described it as "half the problem," but added that it was South Korea's right to determine its level.

The announcement by Dr Kim Mahn Je, Deputy Prime Minister, that the won's level would be discussed with the IMF follows increasing concern by businessmen that the level of appreciation this year is likely to be much higher than the 5 per cent originally predicted.

The Government also announced a series of measures to make access to the South Korean market easier for US companies. An after-sales service network is to be set up to meet complaints from importers about problems with US products. Offices are to be set up in various trade development bodies to help speed up solution of problems.

More trade fairs and buying missions are to be established and more local agents will be authorised to deal with US imports.

Measures including tariff reductions, liberalisation of the service sector, relaxation of restrictive laws and reduction of export financing, combined with voluntary export restraint have already been announced.

The Government said it hoped that the changes would keep the country's trade surplus this year to the same level it reached last year.

West African tankers stay buoyant in sluggish market

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

THE West African tanker trade showed continuing buoyancy last week, providing one bright spot in a market which remained sluggish in the rest of the world.

Rates from West Africa moved up over the week, according to Galbraith's, the London brokers, with 100,000 to 120,000-tonners securing rates in the region of Worldscale 52.5 for destinations in the US Gulf and Worldscale 55 for Europe.

While there have been some opportunities to raise prices from the Middle East Gulf, these have been offset by increased bunker costs, according to E. A. Gibson Shipbrokers.

The main employment for Middle East vessels was in the range of vessels from about 80,000 tonnes to 100,000 tonnes.

In the smaller size bracket, one ship secured a voyage to the Philippines at Worldscale 100, while a rate of Worldscale 90 was quoted for a 98,000-tonner from the Gulf to Taiwan.

However, Galbraith's said ships in the 130,000 tonnes capacity range were still finding it difficult to obtain Middle East cargoes, partly because of the cuts in oil production among Opec members.

In the general cargo market, worldwide freight levels were maintained last week, despite reduced Russian demand and an erratic Pacific trade, according to Denholm Coates.

World Economic Indicators

INDUSTRIAL PRODUCTION (1980 = 100)

					% change over previous year
	Mar. 87	Feb. 87	Jan. 87	Mar. 86	
US	116.7	117.0	116.5	113.8	+2.5
	Feb. 87	Jan. 87	Dec. 86	Feb. 86	
UK	112.6	110.8	110.5	109.8	+2.6
	Jan. 87	Dec. 86	Nov. 86	Jan. 86	
W. Germany	103.1	106.2	106.4	106.2	−2.9
Japan	122.3	122.9	118.6	122.0	+0.2
France	100.7	101.6	101.2	101.9	−1.2
Italy	100.5	99.5	99.2	97.9	+2.7
Netherlands	109.0	106.0	106.2	106.8	+2.1

Source (except US, UK, Japan): Eurostat

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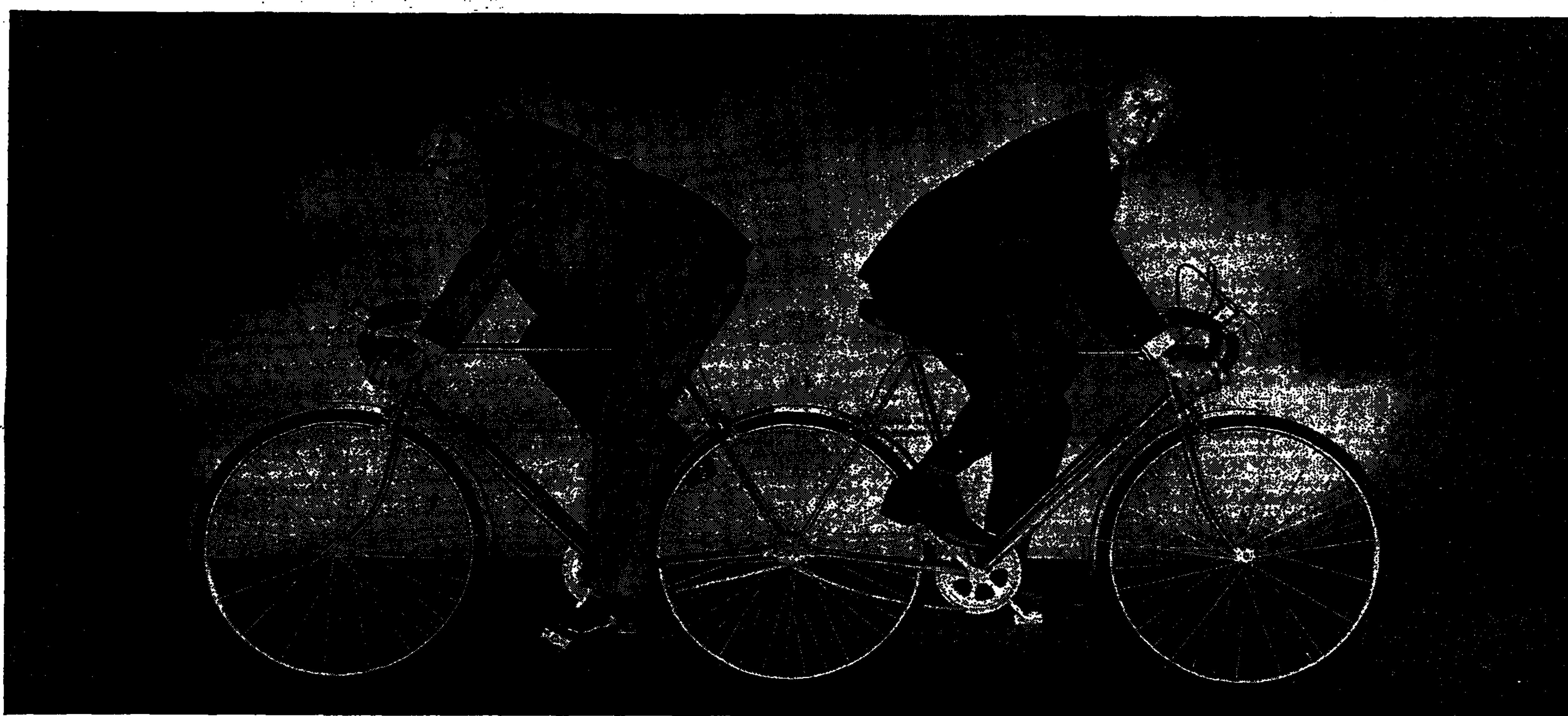

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JOHN LLOYD

Life beyond Labour's squabble

A BLACK Labour parliamentary candidate makes a speech in which she says the Labour Party is racist and that she is interested only in representing black people. A white trade union leader criticises the Labour leadership as wasting its time on "trivia" for responding to the speech. Why are *both, fundamentally,* saying the same thing?

The remarks made at a Birmingham rally by Ms Sharon Atkin, candidate for Nottingham East and a member of the proscribed black sections, vividly illuminate the dilemma which was bound to confront this generation of *Afro-Caribbeans, who now* want political power. The Labour Party, anxious to promote the representatives of a group which is largely Labour-voting, nevertheless expects its black candidates to run on broadly the same ticket as its white: that in seeking or achieving political office, they represent *all* their constituents.

That reasonable, indeed, inevitable, demand means that these politicians who wish their power base to be wholly within the black community—as Ms Atkin was frank enough to say—cannot convincingly perform the balancing act which is required of any candidate. Ms Atkin is black, first and last. Whatever Labour's National Executive decides will be her fate at its meeting on Wednesday, that position makes her philosophically at odds with Labourism, as much as it would with Conservatism or Liberalism or Social Democracy.

Most non-racist whites—broadly defined as those who wish to see full citizenship rights guaranteed to all British people of any colour—would probably *think* that the advancement of black people within the political structures should occur "naturally," as the political establishment gradually embraces new recruits. It is an integrative model of a multi-racial society which most white liberals, of any political tendency, are reluctant to give up.

But it may be impossible to sustain. The radical blacks are at best wary of white liberals, especially where they bear the gift of political power within established structures: that is generally seen as condescending. They do not like white anti-racism much either: that looks as though those who already possess political power are simply annexing another constituency which should belong to the black leadership.

If these black radicals will not follow the white liberal-integrative model, it is probably inevitable that they will sooner or later produce a separate political movement. Such a movement would have a limited constituency. It would probably not be able to speak for the majority of those of Asian descent as well as Afro-Caribbean. Most of all, many within the community hold to the integrative model and would be reluctant to see it challenged.

But such an organisation would be able to represent the separate demands of black people in a way in which party candidates cannot. It would be free to press the "black case" without inhibition—but also without the protection of party. Black politics would meet white politics directly—and would get a much more realistic sense of what was possible and what was utopian.

The Labour Party has tried to keep black radicalism within the "Labour family." But because such radicals reject integrationism, they form black sections; and because black sections are about blackness before they are about Labourism, they cannot produce policies which the Labour Party can accommodate. Hence the row and hence the emerging split within the black sections.

Hence, too, the irritation of trade union leaders, like Mr John Edmonds of the General Municipal and Boilermakers Union, who last week made a harshly anti-Labour leadership speech to the Scottish TUC, criticising the attention it paid to "trivia" like the black sections row. Mr Edmonds was reacting both to a quite correct appraisal that unions were being sidelined by Labour because of the unfortunate images they conjure up, and to a resentment that other groups — *the blacks,* in this case — were allowing into a movement once effortlessly dominated by organised Labour.

Such a development is far from trivial. Indeed it speaks to the core of left politics. For just as it is likely that the black community will see the advantages of a distinct voice of its own so it is certain that the unions will see an increasing attraction in independence from the Labour Party, especially if Labour is again in opposition after the next election.

Already unions of the right—like the engineers and electricians—play little part in the inner-party processes and in the Trades Unions for Labour organisation. The three big general unions—Mr Edmonds's, the transport workers and the public employees—would be bound to reduce their financial assistance to the party after an adverse election result. A third Tory term would see them competing for members in the marketplace, with little reference to the Labour Party. The decoupling of the two wings of the movement, so devoutly wished by Mrs Thatcher, will go much further.

In that way we can see both Ms Atkin's and Mr Edmonds's speeches as expressions, albeit only partly conscious ones, of the same point of view. She, in expressing her allegiance to black, as against the residual class politics of the Labour Party, foreshadows a separate black political formation. He, in publicly complaining of the unions' relegation to the fringes of Labour strategy, signals a further fragmentation of the movement.

The development of independent centres from what were previously constituent parts of the labour movement does not automatically provide further proof of the media agenda item: imminent death of the Labour Party. The Labour Party is unusual among parties of the left in seeking to be a broad church. Some, like the French Socialists are rather narrow; others, like the American Democrats, treat with trade unions and ethnic organisations as independent entities, bargaining for their support rather than assuming it.

It will need great changes for Labour to cope with these shifts. But its continued existence does not depend on reaffirming the pretence of a movement which is probably passing. If it has to find a new relationship with centres of power who have outgrown the family, it may find it in that period when the children have left the family and it can explore the possibilities of an unencumbered middle age.

The author is editor of the New Statesman.

INTERVIEW

Lord of lords

A. H. Hermann meets Lord Hailsham, at 79, the Cabinet's elder statesman

Ashley Ashwood

LORD HAILSHAM, the Lord High Chancellor, has his official residence in the old part of the Palace of Westminster. You enter through the Lord Chancellor's gate, get a pass from a constable, cross a yard and are ushered into a shabby office housing aides and secretaries. Lord Hailsham sits next door in a big room with a view, cluttered with furniture, books and memorabilia.

He sits firmly behind a huge desk, with two sticks at his side, massive, immovable. "Put your *black box here* and *don't* sit in that deep armchair, you couldn't reach it from there!" Then he leans back and waits for the first question.

Rhetoric, perfected by constant repetition, seems to be an essential part in the armoury of a Lord Chancellor. It is needed to paper over the contraditions accumulated over 1,000 years of an office which is not only older (and better paid) than that of the Prime Minister but also more ancient than Parliament, dating from before the Norman Conquest. Indeed, with a father who held the office twice before him and a great-grandfather who was the last chairman of the East India Company, Lord Hailsham adds a dynastic dimension to the scene.

As Lord Chancellor, he is the Keeper of the Queen's Conscience and, indeed, I have heard him preaching about law and morality in St George's Chapel at Windsor, followed by a somewhat sceptical analysis of the problem by Prince Philip. Sitting on the Woolsack, he presides over the House of Lords, not in the withdrawn manner of the Speaker of the House of Commons, but intervening in the debates on behalf of the Government, of which he is a principal member.

From time to time, he presides over the judicial committee of the House of Lords, the highest court in the land, and some of his judgments change the law to an extent normally reserved for parliaments. He appoints magistrates and judges — or proposes them for appointment by the Queen — and has in his patronage more ecclesiastical livings than the Archbishops of York and Canterbury together.

The accumulation of great offices in one hand was the making of Roman emperors and, indeed, Judge Pickles, Lord Hailsham's vocal adversary, recently called him a "brooding quixotic dictator." Could this accumulation of functions really become dangerous? "Oh yes, but then all dictatorships are dangerous, whether they are called Lord Chancellor or Prime Minister or President.

● PERSONAL FILE

1907 Born Quintin Hogg, grandson of Victorian philanthropist of that name, and son of first Viscount Hailsham: educated, Eton and Christchurch, Oxford. 1st class honours in Honour Moderations and Greats.
1932 Called to Bar.
1938 Entered parliament as Conservative MP, Oxford City.
1941 Wounded while serving with Rifle Brigade.
1945 Joint Parliamentary Under-Secretary for Air.
1950 Member of House of Lords.
1956-64 Ministerial appointments included First Lord of Admiralty, Minister of Science and Technology, Lord Privy Seal, Leader of the House of Commons.
1963 Renounced title, returned to Commons.
1970 Lord Chancellor and created life peer.

"The basic function of the Lord Chancellor is to protect the independence of his position. Don't forget that separation of powers was a description by Montesquieu of the British constitution. If you don't have a written constitution, you've got to depend upon the integrity and courage and professional skills of a man. Now that man is the Lord Chancellor.

"You can't defend the judiciary unless you also have a seat on the legislature and, as some of the principal enemies of the independence of the judiciary are members of the government as well as members of the opposition and the media, you've got to have a position on the Cabinet too."

This rather special pleading does not explain how the judiciary is kept separate from the executive when the Lord Chancellor is both a member of the Cabinet and a top judge. But Lord Hailham has a ready answer: "If you once got to a situation where the Lord Chancellor ceased to sit upstairs and adjudicate, it would only be a matter of a short time before the Prime Minister of the day made a no-good lawyer Lord Chancellor, and that is the one thing that must not happen if this job is going to continue."

Would not a ministry of justice be a neater solution, also of the appalling problem of incomprehensible statuory drafting? "God forbid that the Lord Chancellor's Department should ever become a ministry of justice. That would conform to the *European pattern* to include prosecutions and prisons and things like that, which would be anathema to any Lord Chancellor." Though he says that the British system is vastly superior, he thinks that his office should have a bigger say in criminal procedure and hopes that the new centralised prosecution service, under the Attorney-General, will sooner or later revolutionise criminal law.

Lord Hailsham views the English constitution and law as biological phenomena, which grow and decay in their own time and could only be harmed by the application of logic. He also is opposed to a logical rationalisation of common law.

Would it not be possible to make at least the statutes more intelligible? "I wish that were possible, but once you have got the rules of construction which constrain an English lawyer, I don't see how the parliamentary draftsmen can be simpler. The fault lies really in our parliamentary system.

Could one make the legislative process more efficient? "My own guess is yes, there is room for a change in parliamentary procedure. If I were starting afresh, I would look at the possibility of introducing to our system what the French call *travail preparatoire,* that is to say that before the thing is actually brought to parliament, some experts at any rate would seek to view the social purpose behind the proposed piece of legislation. But there again, I doubt whether you would ever get that through, the present procedure of parliament is deeply ingrained in our political and legal thinking."

Nor can one radically change the House of Lords. "You can't go on reforming a traditional body, it would fall to bits. You could get rid of the bishops, yes, or add the chief rabbi, but the fact of the matter is that *reform has gone as far as it will.* You can't go on fiddling with Egyptian money or it falls into dust, and I think it has reached a point now when you have got to keep it as it is with minor modifications, of course, or else replace it with a second chamber based on some other, rational, principle. I think the House of Lords has never stood so high in my lifetime as today, enriched by ex[illegible] as a result of the Life Peerages Act and opened to public view by television."

Lord Hailsham always seems to find that change is either undesirable or impossible and yet, in his writings, he has *demonstrated* an acute awareness of what could and should be improved. Did at any time loyalty to his friends, party and the Bar hold him back from doing what he thought was necessary for a rationalisation of politics or law administration? "*No, I don't think so.*

"You see, English political life has always depended upon two quite separate factors. One is called *principle — it* might be the battle between free trade and protectionism or, as it *is* now, between public ownership and private enterprise — and the other is loyalty. Now I regard these as complementary factors in our public life and it would not occur to me to be disloyal to my friends nor to consciously break with principle."

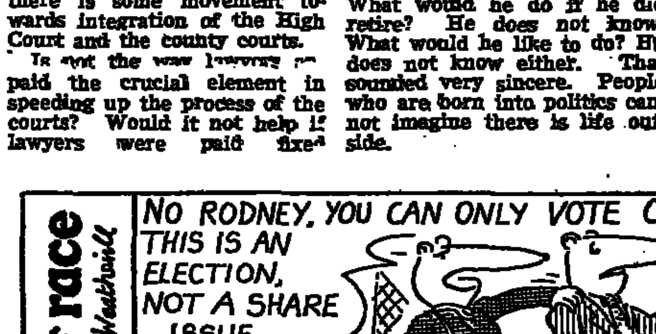
He was aware for a long time of an urgent need to rationalise the legal system, so why did he turn to it only recently? "Well, it is only fairly recently that I had any opportunity to do something about it. In a particular job one is a politician and fighting a political battle. When one becomes Lord Chancellor, one has, of course, to realise that this is the last important office of state one will ever hold — and, at the same time, one is in the position of being able to influence the legal system."

Thus, the pressure for reform, for faster and cheaper disposition of disputes, combines with the desire to go into history as a reforming Lord Chancellor. A stream of consultation papers, produced by an advisory committee on civil justice, presided over by a businessman, is urging rationalisation of courts, ousting of long speeches, cards on the table, greater control to be exercised by the judge over the trial and its preparation. Radical changes are proposed for dealing with personal injuries claims and debt collection, and there is some movement towards integration of the High Court and the county courts.

Is not the way lawyers are paid the crucial element in speeding up the process of the courts? Would it not help if lawyers were paid fixed amounts, irrespective of the time they spend on the work? "Well, you sow your seed on fertile ground as far as I'm concerned. Standard fees are part of the policy of this office and we're trying to introduce them. I can't say that our attempts have been altogether received enthusiastically by the profession but I think in the end public opinion will prevail, even against trade unions," and he gives one of his sly chuckles.

Do judges go along with the proposed procedural changes? "Well, I think we've always got to go gently because you've got to carry the profession and the judiciary with you. As Lord Campbell, one of my more famous predecessors, said, law reform is by consent or not at all. One has to tread pretty gently and avoid confrontation if one can."

Lord Hailsham will be 80 this October but feels full of beans. Will he want to continue in office after the election? "That will depend on Mrs Thatcher." What would he do if he did retire? He does not know. What would he like to do? He does not know either. That sounded very sincere. People who are born into politics cannot imagine there is life outside.



Heysel: Court may be wrong

EXTRADITION is a highly technical branch of law, and inevitably so. Any state, faced with a requisition from a foreign state to hand over a person accused of crime (in particular, one of its own nationals) must ensure adequate safeguards before it will despatch a fugitive found in its territory for trial abroad. The process of extradition is, moreover, complicated by the fact that it is partly administrative and partly judicial.

Those who have argued that the decision of the High Court in the Heysel Stadium case (when 26 Liverpool Football Club supporters were granted writs of habeas corpus) was a technical defeat in the Anglo-Belgian extradition proceeding, should be circumspect about censuring the authorities responsible for the failure. Indeed there are strong grounds for thinking that the High Court got it wrong, and that the forthcoming appeal to the House of Lords will restore the decision of the Chief Metropolitan Magistrate who committed the supporters to custody to await surrender to the Belgian authorities.

By September 12, 1986 all 26 supporters had been arrested on the authority of warrants issued in response to a requirement of the Home Secretary. Before the lapse of three months there were in existence two separate lots of statements. The first was the Belgian material, consisting of video recordings and photographs. This material was judicially certified as accurate and was authenticated by the relevant Belgian authorities. In that form it qualified as admissible evidence before the Chief Metropolitan Magistrate.

There is a provision in the Extradition Act 1870 which, exceptionally in English criminal proceedings, permits depositions, properly authenticated, to be admitted in evidence. The video recordings were insufficient to establish a prima facie case against any of the 26 supporters. What was needed was some evidence linking the individual Liverpudlians to the deaths of the 39 persons (mostly Italians) crushed under the wall which collapsed when trapped Juventus Football Club supporters stampeded after Liverpool fans invaded their section of the stadium.

Such material emerged in statements, garnered by English police officers who had conducted contemporaneous interviews with the 26 accused, and related to the Belgian video recordings and photographs. The English evidence had not been sent to Belgium for the authentication process and so did not qualify for admissibility by that statutory route. But the English police officers were available to give oral evidence before the Chief Metropolitan Magistrate when he came to hear the committal proceedings. What was wrong with that dual approach to the admissibility of evidence, differently acquired on either side of the English Channel?

For the answer to that question, the High Court was referred to Article V of the

JUSTINIAN

Anglo-Belgian Treaty of Extradition which was made part of English law by an Order in Council in 1902. That Article provided that if "sufficient evidence for the extradition shall not have been presented" within three months the accused person had to be "set at liberty."

The High Court held that while the Belgian evidence was authorised and admissible on December 12 1986, the English evidence was only contingently admissible on the terminal date for presenting the evidence. The statements of admission to English police officers of involvement in the riot at the stadium were not admissible on that date.

Given the approach of the two judges in the High Court to the meaning of Article V of the treaty — that it was a matter of construing the language according to English canons of statutory construction —the High Court could not be faulted. "Evidence" is "presented" only to a court; and the English material had failed in that respect to meet the time barrier. But that approach is basically *flawed.*

A bilateral treaty, which will have been expressed in the languages of English and French, is not susceptible to exclusively English methods of interpretation.

Since the process of extradition involves, both initially and ultimately, the executive branch of government, the—"*presentation of the evidence*" is not to a court of law, but to the relevant public authority, namely the Home Office in the case of this country.

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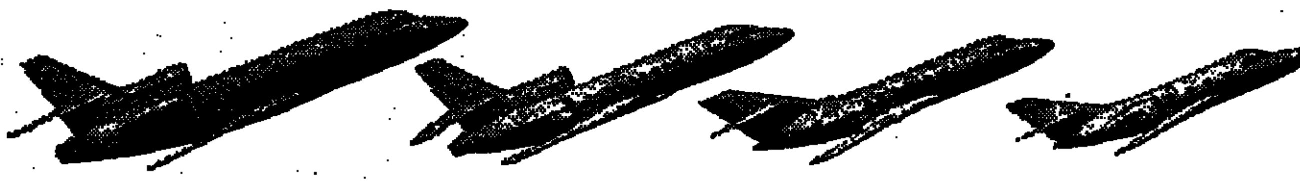

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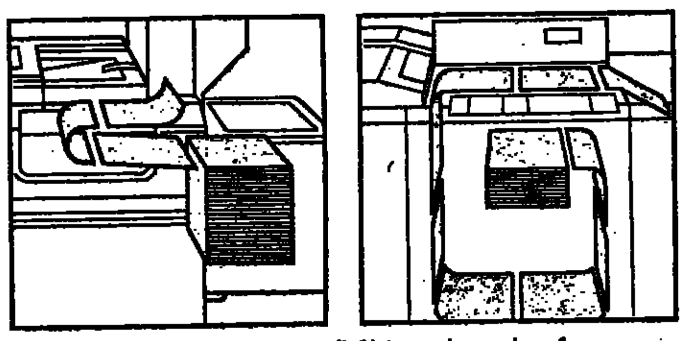

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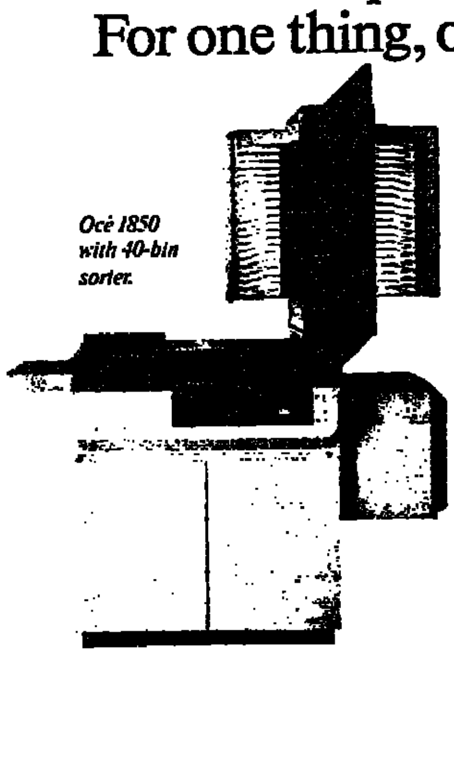

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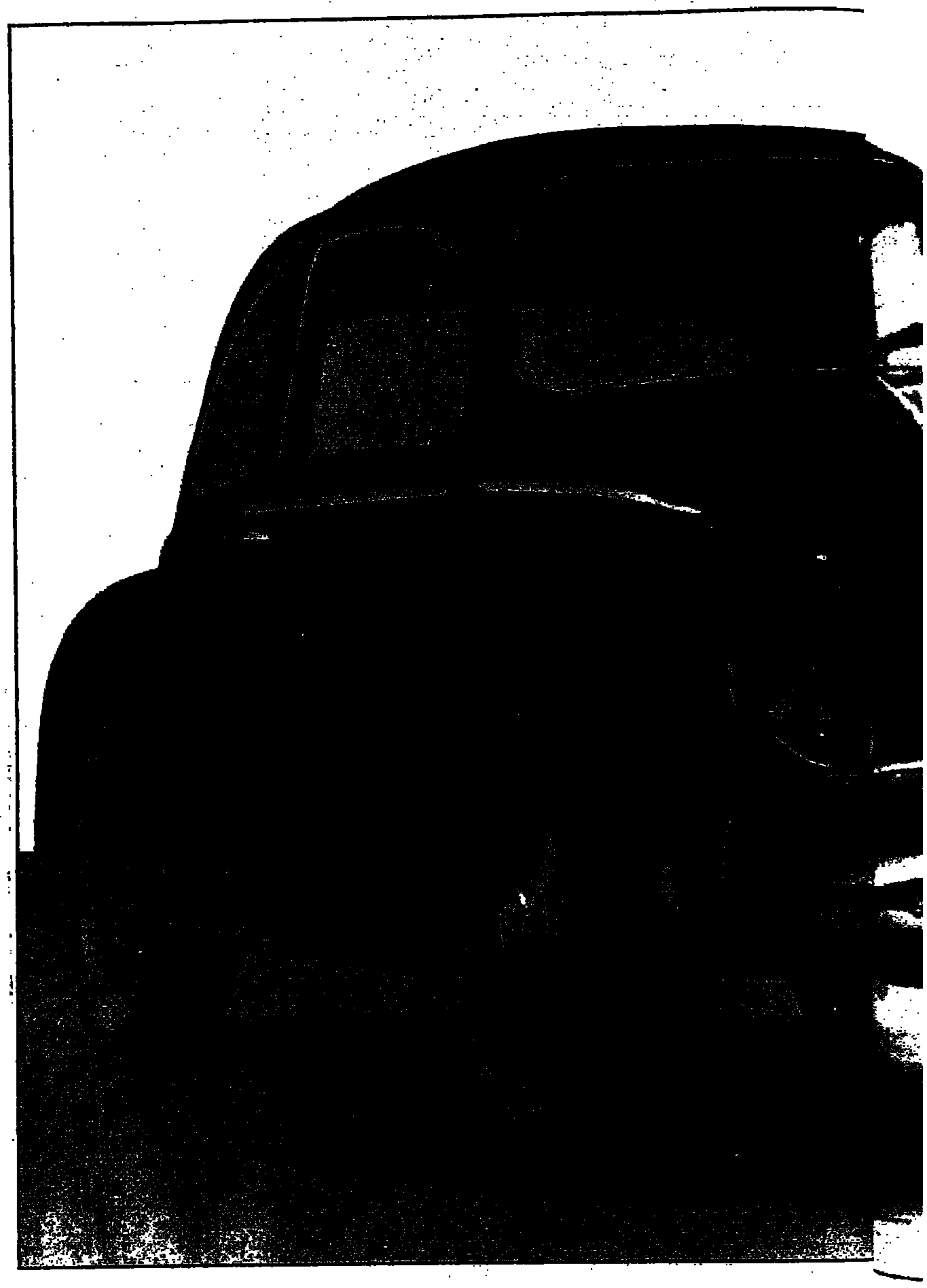
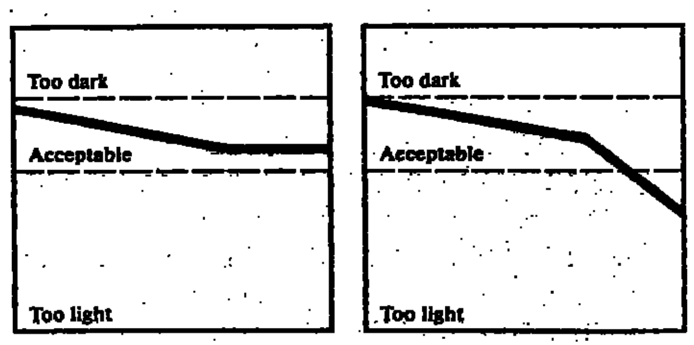


That causes those toner spots and dulls the sensitivity of the photoconductor.

Océ copiers print the image cleanly onto the paper from a smooth silicone belt.



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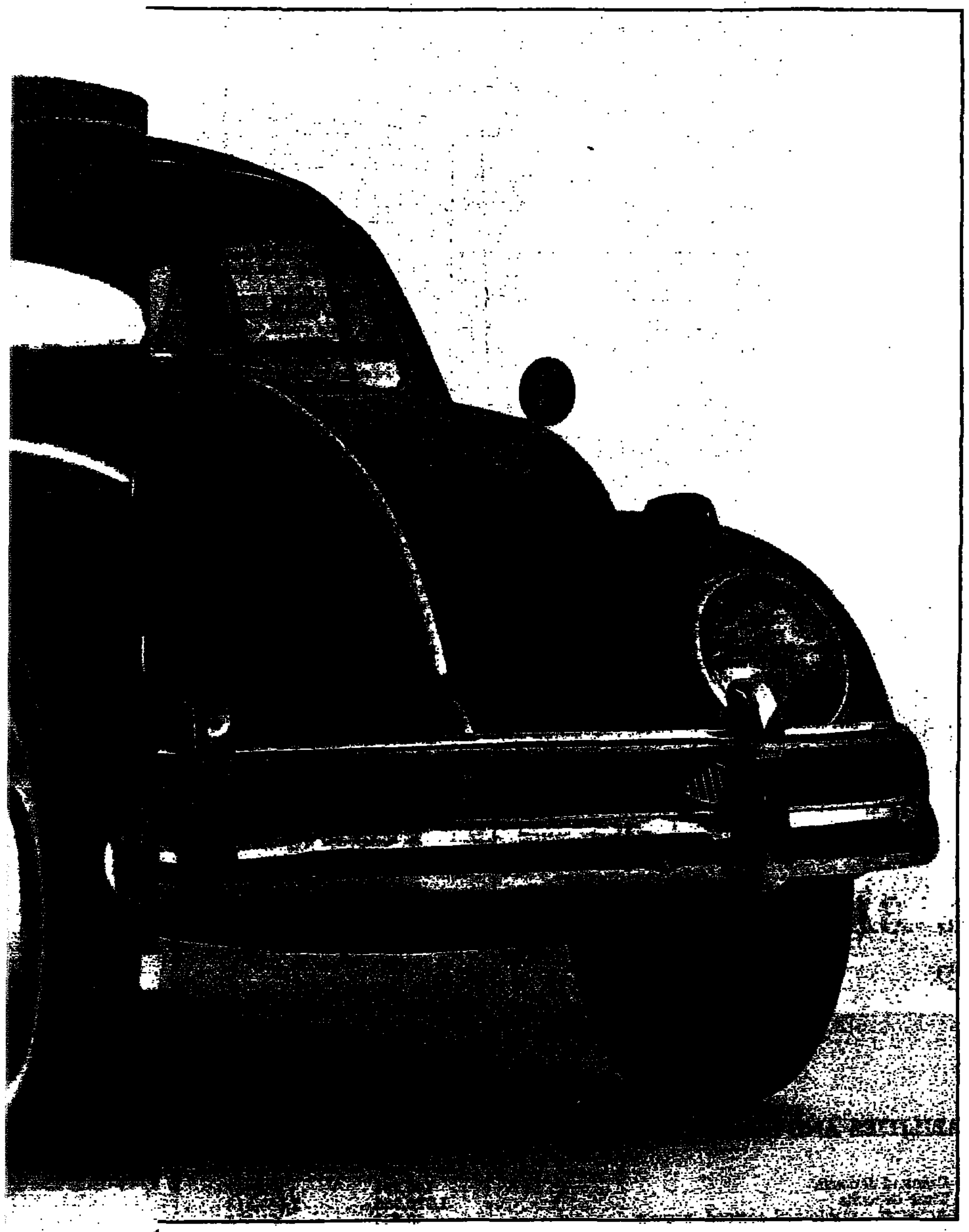

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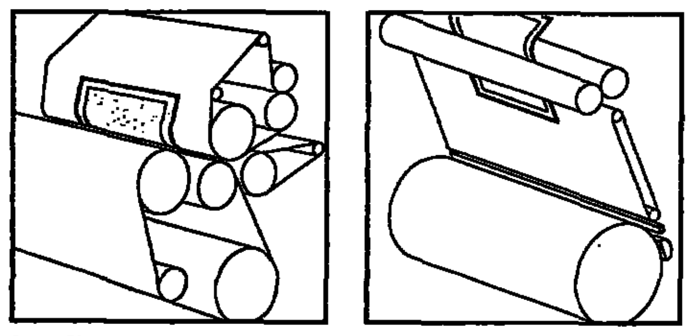

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UK NEWS

Thatcher plans election offer to council tenants

BY PETER RIDDELL, POLITICAL EDITOR

COUNCIL tenants are likely to be given the right to opt out of local authority ownership and transfer to private sector trusts or housing associations under proposals expected to be included in the next Conservative election manifesto.

Mrs Margaret Thatcher, Prime Minister, has made known that she wants housing to be a central plank of the manifesto with, in particular, a challenge to large-scale municipal ownership.

The likely proposal would give tenants the *legal right* to vote themselves out of council ownership if a majority on a particular estate so wished. They would still rent, but the estates might be owned and run by housing associations or tenants' co-operatives with the purchase being *financed by building societies or* other financial institutions.

This proposal on municipal housing is expected to feature in a three-point housing policy offered by the Tories:

● A further drive to increase owner occupation from the current level of about 65 per cent to Mrs Thatcher's objective of 75 per cent by the end of the century. This would involve further extensions to the "right to buy" for existing council tenants together with a stimulus to shared ownership (where homes are partly rented and partly bought by the occupier).

● The *revival of the private* rented sector (now officially known as the independent sector and only 8 per cent of the market) through gradual decontrol of rents in new lettings and by a system of registered landlords to encourage the involvement *of housing associations*, building societies and other institutions.

● The break-up of council housing estates (currently 27 per cent of the total) by encouraging the transfer of management away from local authorities.

Michael Cassell writes: *Conservative* candidates meeting in Birmingham yesterday heard a series of briefings from ministers which left them in little doubt that the election will be called soon.

As they met, further evidence that the *Government* is maintaining a comfortable lead over its opponents came with the publication of the lastest Harries opinion poll conducted for The Observer

The poll puts the Tories on 42 per cent, Labour on 31 per cent and the Alliance on 25 per cent. If repeated in the election, the *figures* would give Mrs Thatcher an overall *majority of 94.*

Following Mrs Thatcher's address to them on Saturday, the candidates in Birmingham yesterday received another confident rallying call from Mr Norman Tebbit, the Tory Party chairman. Commenting on the *latest* poll, *he said:* "The more people believe there is going to be an election, the more they are sure which government they are going to return."

Labour's own offensive, which was stepped up on Friday with its "*red rose" rally in Northampton,* will continue tomorrow when the party unveils what it claims to be the Government's "hidden manifesto" of measures, ready to be implemented *if it* wins a third term.

Labour says it includes the doubling of value-added tax and the removal of welfare benefits from some unemployed people.

GEC may receive £10m support to manufacture semiconductors

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

THE BRITISH Government is expected *to announce within the next* few weeks that it will give grant support to a substantial new semiconductor manufacturing project at GEC, the diversified UK electrical group.

Although both the company and the Department of Trade and Industry refuse to confirm the decision, it is believed that the Government is prepared to give GEC up to £10m to support the expansion programme. *The total cost of the devel*opment, which would be at the group's semiconductor plant in Lincoln, on the east coast of England, could be around £40m.

GEC is only a minor force within the European semiconductor industry and lags well behind Plessey and Ferranti in this field in the UK. Over the years, it has vacillated on whether to invest more in chip manufacturing, despite its strong position in defence electronics, *which demands* the use *of* large volumes of semiconductors.

Negotiations over the expansion of the Lincoln plant, run by Marconi Electronic Devices, part of GEC's Marconi division, go back about three years. The aim of the project is to move more strongly into CMOS technology, an approach to semiconductor design which allows increasing miniaturisation and integration of processes on a single chip.

Industry executives say that the talks were put in abeyance when GEC launched its abortive bid for Plessey, one of its main competitors in the UK electronics industry, in 1985.

One of the main aims of this takeover proposal was to rationalise the interests of the two companies in public telephone exchange manufacturing. But Plessey also has a large and expanding semiconductor *operation* which would have answered some of GEC's needs – indeed, Plessey has only recently brought on stream a new £50m chip plant at Roborough, near Plymouth.

Following the collapse of the takeover effort, GEC resumed its discussions with the Government over support for the new chip manufacturing facility.

GEC's main strength in the semiconductor market at present lies in *the production of specially* hardened chips which can withstand the effects of radiation and are ideal for use in the military and space industries.

It has had some success with this technology overseas, particularly in the US, but analysts say that it needs to put more investment into its facilities if it is to maintain its position in the world market.

Ferranti cuts, Page 14

Caterpillar workers end their occupation

By James Buxton

*WORKERS at the US-owned Cater*pillar tractor plant at Uddingston *near Glasgow* will this morning return to work, after voting overwhelmingly yesterday to end their 14-week occupation. The last workers left the plant shortly after 3pm.

Yesterday Caterpillar management was continuing negotiations with *Multi-Purpose All-Terrain* (MPAT), the company chaired by *Sir Monty Finniston*, former chairman of British Steel, which intends to build an off-the-road and amphibious vehicle in part of the plant.

Mr John Brannan, leader of the sit-in which began in January when Caterpillar announced that the *plant was to close within about* a year, recommended the 800 hourly paid workers to end their occupation on the basis of an agreement reached last week with the management.

This provides for the plant to stay open until the end of the year, with most of the workers being made redundant between October and December, and a small team staying on until March next year to clear up.

A joint working party involving Caterpillar management, the work force, trade unions, the Confederation of British Industry and the Scottish Development Agency is to be set up to try to find a new occupant for the plant.

It seems likely that an agreement will be reached between Caterpillar and MPAT, which yesterday struck back at media, workforce and academic *critics* who over the weekend voiced intense scepticism about the project.

MPAT is the creation of Mr David MacWatt who has invented the Paca, a medium-weight vehicle capable of carrying troops, weapons or *other equipment over land or water.*

Mr MacWatt claims to have acquired 1,200 orders for the vehicle – of which three prototypes have been made at a plant in Inverness-shire – from clients in Europe and the Far East.

Mr MacWatt said conditional offers of finance in excess of £5m had been obtained. MPAT would like to start operating in the plant from May 1 in tandem with Caterpillar and envisages employing more than 100 people in the initial stages.

UK NEWS

Minister to meet police, army over IRA bombing

BY OUR BELFAST CORRESPONDENT

MR TOM KING the Northern Ireland Secretary, is today meeting police and army commanders to examine the apparent security lapses which surrounded the murder on Saturday by the Provisional IRA of Ulster's second most senior judge.

Mr King said he wanted to look very hard at the security question, raised by the IRA's ability to detonate a 600lb car bomb in sight of a border security post, killing Lord Justice Sir Maurice Gibson, 73, and his wife, Cecily, as they returned by car from a holiday in France.

Speaking on BBC radio, Mr King said he would look at how details of the judge's movements had become known to the terrorists. He would also examine the security patrolling of the main Belfast-Dublin road close to the border.

Today's security talks will also consider a recent rise in IRA activity which has left eight people dead in a week. On Saturday night, gunmen shot dead Private William Graham, 44, of the Ulster Defence Regiment at his home in Pomeroy, Co. Tyrone.

Lord Justice Gibson and his wife died instantly in the blast which turned their car into a ball of flames. Detectives were yesterday working within a sealed-off area around the scene and they believe the bomb was set off by remote control from a nearby hillside. Three Irish international rugby players travelling in the opposite direction and four women in another car were slightly hurt.

The car bomb was left unnoticed on the roadside in the so-called "no man's land" between the Irish border and a permanently manned security checkpoint about a mile into Ulster. Local people said the scene was also overlooked by two army observation posts. The RUC said that the car used, which had English registration plates, was stolen last month in South Armagh.

The judge was escorted to the border by Irish police after arriving in the republic on a ferry. Mr King has asked for a report which is expected to explain the whereabouts of an RUC escort which was due to meet the judge's car when it passed into Northern Ireland.

The RUC declined to comment on the escort, but it is understood that the police have been cautious about parking vehicles close to the border since an IRA landmine attack in 1985 which killed four officers at the same spot.

Both Mr King and Mr Brian Lenihan, the Irish Foreign Affair Minister, criticised the claim by Mr James Molyneaux MP, the Official Unionist Party leader, that there must be an informant in the Irish police. Mr Molyneaux suggested the Irish security forces had been "penetrated and infiltrated by the IRA."

Mr King said these remarks would only stir up hatred and distrust of the Irish police.

Tesco to increase bid for Hillards

By Philip Coggan

TESCO, the supermarket chain, is expected to launch today an increased £200m hostile bid for the Yorkshire-based stores group, Hillards.

Mr Ian MacLaurin, Tesco's chairman, yesterday said that the board had decided to increase its offer on Friday night. He described reports that the share offer would be increased to 350p as "a pretty good guess."

Tesco launched its bid in March, setting the terms at 13 shares for every 20 Hillards ordinary shares and 13 for every 40 convertible preference shares, with a cash alternative of 290½p. On Friday's closing price of 482p per Tesco share, the bid valued Hillards at £179m.

Hillards has vigorously opposed the bid, describing it as "wholly unwelcome and opportunist." Last week, the group forecast a jump in pre-tax profits to £15m in the year to end April 1988, compared with its forecast of £10.3m in the year ending on May 2 1987. Its shares closed on Friday at 334p, compared with the valuation under the Tesco offer of 313p.

Mr Peter Hartley, Hillards' chairman and grandson of the company's original founder, said yesterday that Tesco "would have as little chance of success with an offer of 350p as it did with its original offer."

Family and friends, holding 28.4 per cent of the equity, gave undertakings not to accept the original offer. At the first closing date, Tesco owned, or had acceptances, for just under 10 per cent of Hillards' equity.

● John Lewis Partnership, the department store and supermarket group, has warned the Government that there is not enough money available, despite the retailing boom, to support both new shopping centres out-of-town and an improvement of shopping space inside towns.

It is the second major retailing group in a week to attack the development of new shopping centres outside towns.

Nurses' pay deal fuels doubts over public spending targets

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S decision last week to reduce its contingency reserve by nearly £400m to meet the cost of the nurses' pay deal has fuelled doubts in political circles and the City of London that it will be able to hit its public spending targets.

The pay award has reduced the Treasury's reserve against unforeseen expenditure in 1987-88 from £3.5bn to £3.1bn within less than a month of the new financial year. At the same time last year the reserve stood at £4.5bn, which itself proved insufficient to meet additional spending demands.

The Treasury insists that the settlement is consistent with its plans to hold overall public spending to £148.6bn over the year. It says that several trends point to the contingency reserve being adequate.

The official view is that allocations for both local authority and for social security spending are more realistic than in previous years while an upturn in inflation will not affect benefit payments until next year. Extra spending by some departments may also be at least partially offset by savings elsewhere.

Conservative MPs, however, are among those sceptical over whether the target can be met.

Even before the nurses' deal was agreed, the Conservative majority on the House of Commons' Treasury and Civil Service Committee said last week: "Past experience suggests that spending is likely to overshoot the planning total."

Last autumn the Government added some £4.7bn to its spending plans for 1987-88 in what was seen as a marked change of policy. Since then, however, a number of factors have pointed to further pressure on the revised target.

The Treasury acknowledged in last month's budget that inflation this year would be higher than expected last autumn. The initial spending plans allowed for an increase in spending of around 2 per cent in real, or inflation-adjusted outlays, but the faster pace of price rises has reduced that figure to 1.5 per cent. For 1988-89 the totals now point to a slight fall in the volume of public spending.

Higher inflation and the size of awards for both teachers and nurses have added to pressure on public-sector pay, which accounts for about 30 per cent of all spending. The Treasury's figures make no direct assumption about the level of pay awards, but settlements so far appear to be running well ahead of the Government's implied targets.

WEST GERMAN ENGINEERS COMPLETE LINER'S ENGINE CONVERSION IN SIX MONTHS

QE2 sets sail for 21st century

BY ANDREW FISHER IN BREMERHAVEN

THE QE2 cruise liner left West Germany in a blaze of fireworks at the weekend after a conversion operation which has extended her life well into the 21st century and made her the fastest merchant ship afloat.

Lloyd Werft, the Bremerhaven yard, returned the vessel to Cunard, the shipping subsidiary of Trafalgar House of the UK, right on schedule on Saturday, 179 days after starting what was the biggest ever contract of its kind.

"I think it's a miracle that this much work has been done in six months," said Sir Nigel Broackes, chairman of Trafalgar. The work cost DM 320m (£108m), with sterling's decline inflating the final price in UK currency.

As Cunard took back the QE2, work was continuing feverishly to ready her for the first transatlantic crossing this week. Boutiques were still being fitted out, pianos tuned and lights installed.

Down in the bowels of the ship, fitters and welders were hard at work, and greasy cables and pipes snaked along corridors and down staircases. The final touches will be made at sea in the next few days by the 300 workmen on board.

Workers at the German yard have put in 16-hour days and more to have the QE2 ready in time. Their union, IG Metall, gave permission for the extra hours to be worked.

Cunard received its flagship back at a ceremony on board in the refurbished Grand Lounge, overlooked by chic new Gucci, Dior, Louis Vuitton, and Ferand Boutiques.

The resident Mick Urry Band kicked off before the ceremony with, appropriately, "This could be the start of something big," sung by Brenda Blackman, the QE2 singer.

Cunard and Lloyd Werft kept the upbeat tone during the handover. "We did it," exulted Mr Eckhart Knoth, head of the yard. "We have scolded, we have argued, we have discussed and we have motivated."

But not all was plain sailing. The sea trials took longer than expected, and some new equipment caused problems. Some yard officials blamed teething problems with electrical gear from General Electric of the UK.

Mr Knoth did not single out any company, adding: "I will not blame anybody here, but if some people had done their homework before, the sea trials would have been shorter."

On Saturday, however, both sides concentrated on the QE2's future. Sir Nigel expected the investment to be recovered in about five years through savings on fuel, manning and a rise in luxury passenger space.

With her new diesel-electric propulsion – the nine diesels came from Man of Germany and the two electric motors from GEC – the QE2 has a top speed of 33.1 knots, enabling her to cut the Atlantic crossing time from four-and-a-half days to four.

Since the QE2 – which accounts for nearly half of Cunard's annual cruising revenues of some £300m – makes most money on this route, the saving will be significant. Cunard does not, however, intend to speed up its schedule for 1987.

Cunard's large investment has extended the life of the vessel, built on the Clyde in Scotland during the late 1960s and capable of taking 1,800 passengers, by 20 years.

Company Notices

ACCOR

Corporation organised under French law (Société Anonyme)
Capital: French francs 1,186,388,600

Head Office: 2, rue de la Mare Neuve - 91021 EVRY (France)
Registered Head Office: Corbeil-Essonnes B 602 036 444

FIRST NOTICE TO HOLDERS OF 7½% 1984-1999 BONDS OF US$1,000 EACH, CONVERTIBLE INTO ORDINARY SHARES OF ACCOR

I—ORDINARY GENERAL MEETING

The holders of 7½% 1984-1999 bonds issued by ACCOR and convertible into ordinary shares are called to an Ordinary General Meeting to be held at 37 rue du Rocher, Paris 8ème (France) on May 16, 1987, at 3 pm in order to consider the following agenda:

—Approval of the shareholders' waiver of their preferential rights to subscribe securities that the Extraordinary General Meeting on May 26, 1987, will authorise the Board to issue.

To permit the bondholders to attend or to be represented at this meeting, the bonds or their deposit receipts must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these bonds and from whom proxies or admission cards can be requested. This meeting shall be validly held if the holders of twenty-five per cent of the outstanding bonds are present in person or represented.

II—EXTRAORDINARY GENERAL MEETING

The holders of 7½% 1984-1999 bonds issued by ACCOR and convertible into ordinary shares are called to an Extraordinary General Meeting to be held at 37 rue du Rocher, Paris 8ème (France) on May 16, 1987, at 3.30 pm in order to consider the following agenda:

—Board of Directors' proposal to insert a clause which will complete the Conditions of the 7½% 1984-1999 convertible bonds, regarding the adjustment of the basis of conversion of the Bonds, in case of a free distribution to the shareholders of warrants exercisable into shares.

—Bondholders' approval of this amendment to the Conditions of the Bonds.

To permit the bondholders to attend or to be represented at this meeting, the bonds or their deposit receipts must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these bonds and from whom proxies or admission cards can be requested. This meeting shall be validly held if the holders of fifty per cent of the outstanding bonds are present in person or represented.

The Board of Directors

UK NEWS

Alice Rawsthorn reviews London's latest market

New forum starts shakily

WHEN the London Stock Exchange introduced the Third Market in late January, the prospects looked bright. Eight companies began dealings on the opening day and a host of new recruits were waiting in the wings for future flotations.

Three months later, the omens look less auspicious. The new forum has been blighted by the sluggish pace of turnover and a dearth of new issues. The Third Market could not look less like the lively, liquid centre for small businesses envisaged by the exchange.

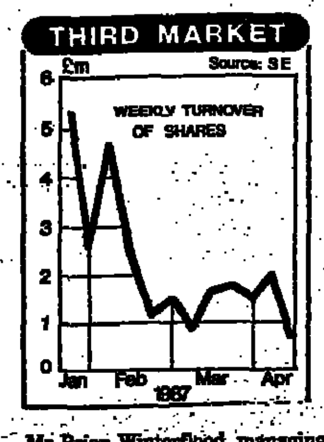
Yet it is far too soon to dismiss the new forum. The Unlisted Securities Market – now so successful – suffered from similar problems in its early days. Three months is too short a time in which to form a useful judgment of a new market's performance and prospects. Moreover, the third tier may appear lacklustre, but the underlying picture is less bleak.

Nonetheless, the level of investor interest in the market has been lower than originally expected. The stock exchange intended that the new forum should attract the individual investors who have shown such interest in the small, speculative companies traded on the Unlisted Securities Market and unofficial over-the-counter market.

Individuals have dominated investment on the Third Market, just as the exchange intended. The only problem is that they are far fewer in number than it had hoped.

The market's busiest week was its first, when investor interest was buoyed by the swirl of publicity surrounding the launch. In that week the new forum conducted 1163 bargains, collectively worth £5.3m. Since then turnover has slumped, reaching a nadir of 238 bargains worth just £700,000 in the last recorded week to April 17.

Thus the Third Market has attracted £2.18m of business in an average week, or £1.9m if the first, unusually active week is excepted. Market makers confirm that the level of interest is generally low.



Mr Brian Winterflood, managing director of County Securities, the largest dealer, said that the forum had assumed the role of an "announcements market" with share prices rising and falling on news of results or acquisitions, but otherwise remaining static.

The third tier index, composed by the stockbrokers Credit Suisse Buckmaster & Moore, has reflected the lacklustre pace of turnover. The index has yet to regain its original 100. But the pattern of business has been distorted by the involvement of Eglinton Oil & Gas which, being far larger than any other Third Market stock, dominates weekly trading.

Like so many oil exploration companies Eglinton is a volatile stock. It transferred to the new forum from the stock exchange's rule 535(5) facility for mineral exploration concerns. The share price has fluctuated daily, just as it did under rule 535(5), and the Third Market has fluctuated with it.

The 'Eglinton effect' has depressed the third tier index and disguised the fact that the share prices of almost all the other companies have risen in the last three months.

The stock exchange draws reassurance from this and says that, although the Third Market has experienced liquidity problems, such difficulties were inevitable for a forum composed of such small, speculative stocks and should be alleviated as the market matures.

As the exchange admits the scarcity of new issues is a more pertinent problem, not least because an influx of new recruits could solve the liquidity problem by stimulating interest in the market. In the approach to the third tier's launch the estimates for the number of companies trading by the end of its first year varied from as few as 70 to as many as 300.

Eight companies began dealings on the first day; two, Corton Beach and Edenspring, have joined since; and a third, Ardmore Petroleum, will emerge this week.

In theory, at least, there should be numerous new recruits. The growth of the venture capital industry has created a pool of new businesses which should soon be ready to go public. Meanwhile, the introduction of the financial services legislation this autumn should seal the demise of the unofficial over-the-counter market, thereby unleashing a new pool of companies on to the third tier.

Moreover the battery of professional advisers – the stockbrokers, solicitors and accountants who, scenting new business, were so enthusiastic about the Third Market in its preparatory phase – are still hopeful. Most have now pinned their hopes on the first phase of Business Expansion Scheme companies which will emerge from the scheme next year.

There is certainly no shortage of companies interested in joining the market. Credit Suisse Buckmaster & Moore was approached by 39 would-be recruits in the first two months since the launch. It has accepted only two. The rest were dismissed: most because of poor management or excessive risk.

As Mr Peter Droussiotis, senior executive at CSB&M, put it: "These businesses will take rather longer to prepare for a Third Market flotation than we realised. But given time they will be ready."

London offices 'costlier than US'

By Michael Skapinker

OFFICE accommodation costs in London are now higher than those in New York, according to a survey published today.

The survey, published by The Economist Publications, says that the slide in the value of the dollar has substantially increased the cost of transferring American executives to major European cities or to Tokyo.

The survey puts the cost of office accommodation in London at $23,227 (£14,197) annually, compared with $22,500 in New York. The European city with the second-highest office accommodation cost is Paris at $15,985.

Lower salaries in the UK, however, mean that the total cost of running an executive office is lower in London than in New York and several other European cities.

The total cost needed to run a European office is highest in Geneva, followed by Paris and Frankfurt, the survey said.

An evaluation of over 100 food and other items of daily expenditure made by expatriate executives shows that London is now 22 per cent more expensive than Washington, compared with 10 per cent a year ago.

Geneva is 72 per cent more expensive than Washington, compared with 35 per cent a year ago, while Tokyo is 138 per cent more expensive than the US capital, compared with 83 per cent a year ago.

International Transfers 1987, The Economist Publications Ltd, 40 Duke Street, London W1A 1DW. UK and Europe £295; North America $395; rest of world £300.

Ferranti computers may cut 500 jobs

By Terry Dodsworth

FERRANTI, the UK electronic group, has embarked on an efficiency drive in its computer systems division which could lead to about 500 job cuts by the end of this year.

Unions in the affected operations, which involve both the defence and civil sides of the business, have been told that the company wants to reduce numbers as part of a programme to cut costs. But no firm targets have been established for the job losses, which will be achieved through both natural wastage and some redundancies.

The company says that the reorganisation has been prompted by changes in the computer industry which are placing greater demands on software and systems engineering – the devices that determine how the computers run and the methods of linking together different machines and terminals.

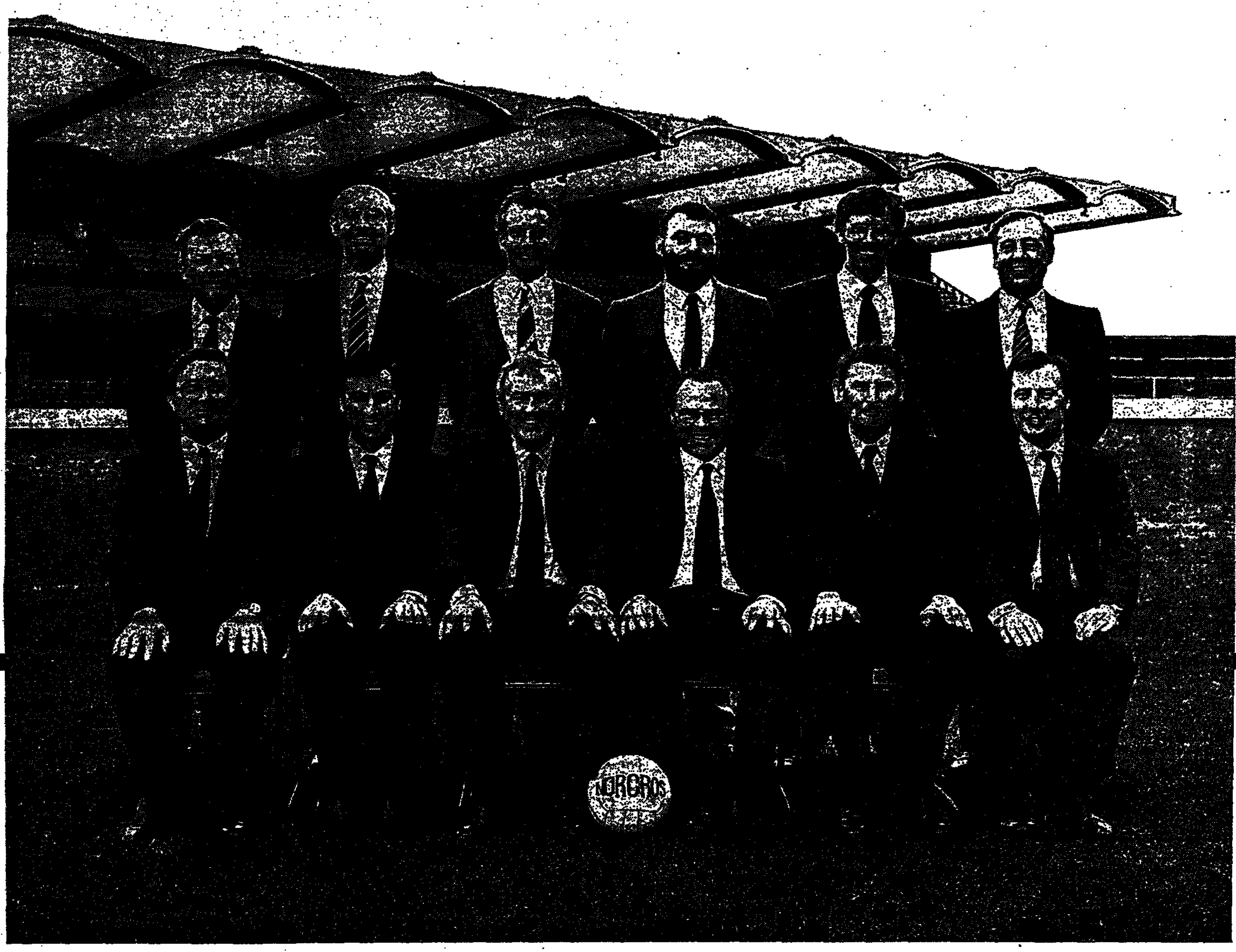
In order to meet these needs, the company is recruiting heavily on the electronics engineering side at the same time as it is shaking up jobs in production operations. But it concedes that the net effect of the changes may be 500 fewer jobs at the end of this year, out of a total of around 8,000 in the division.

Ferranti's decision to rationalise some of its computer operations follows cuts in the defence electronics and communications divisions of four other UK manufacturers – Thorn EMI, Plessey, GEC-Marconi and Racal. These have been caused both by reductions in overseas orders and a slowdown in UK defence spending.

City of London analysts say that, while Ferranti's sonar business is particularly bouyant, with a strong order book, the future may be less positive for its shipboard computer operations and civil computer side.

The company has dominated the UK market for naval computers for many years, but the Ministry of Defence has recently begun to examine a new approach to its shipboard requirements.

Only a first-class team effort produced the winner at Watford.



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MANAGEMENT

Reed International

A three-horse race to a million dollar profit

Raymond Snoddy explains the reshaping of the UK conglomerate

THE TOP executives of Reed International, the UK publishing, paper and paint company not noted for *taking gambles*, have placed a serious bet on the outcome of a tense race—which of them will be first to lead a Reed division to an annual profit of $100m.

Ron Segal, the wise-cracking and competitive American who runs Reed's US publishing interests, has no doubt that the winnings—a case of champagne—will be his.

"We are going to be the first unit of Reed International to make a $100m profit some time in the next two years," predicts Segal. He has a clear advantage over his nearest rivals, UK publishing and Canadian paper, because of Reed's large acquisitions in the US magazine market. The US business is expected to contribute between $65m and $70m in the current year.

The fact that such a bet can be taken with a degree of seriousness is a small symbol of the growing confidence and spirit among management at Reed—an archetypal 1960s conglomerate that appeared to lose its way in the late 1970s and has since been through a painful process of restructuring and renewal.

When Les Carpenter took over as chief executive in 1982 he believed the need for action was very urgent if Reed were to avoid a predatory takeover and the danger of being broken up. Both profits and share price were low and there was a widespread perception that the parts of Reed were more valuable than the whole.

Since then Reed has pulled out of a host of businesses, including printing, national newspapers, wallpaper and building materials, and concentrated on three core areas of publishing, paper and packaging, and paint and DIY.

The company had been in too wide a range of businesses—the legacy of "the time when we bought everything in sight"—to invest in them all adequately, according to Carpenter.

"We really had to clean up the act and make the company much more identifiable and make people understand what we were trying to do. We had to try to remove some of the areas where we were losing money, and areas which were capital intensive and get a better balance overall," adds Carpenter, who is now executive chairman.

The effect of cleaning up the act—a painful process that has cut Reed staff levels by more than 15,000 to 35,000 even allowing for acquisitions—and the change of direction is clearly visible in Reed's results.

In the five years to the 1985-86 financial year, Reed International's publishing turnover has grown from £398m to £745m, paint and DIY from £154m to £286m and packaging and paper from £540m to £746m. No less than 36 per cent of 1981's turnover—£607m out of £1.7bn—was accounted for by activities no longer part of the company.

Pre-tax profits over the five-year period have risen from £72m in 1981-82 to £137m last year on a turnover of £1.93bn with analysts forecasting a sharp rise to between £182m-£187m this year.

Luke Johnston, an analyst at stockbrokers Kleinwort Grieveson, says: "Reed has transformed itself over the past five years. There has been a tremendous concentration of assets. Since 1983 the return on capital employed has risen from 10 per cent to 20 per cent."

Tony Willis of stockbrokers Messel also believes the Reed restructuring has been a success and that the company was right to get out of the areas it did.

It is only now when the process it virtually complete and profits and share price have been rising that Reed has the confidence to emerge from its shell and talk about how the company has restructured itself from top to bottom. Before, because the news was mostly bad, the company said as little as possible in public.

The revival of Reed has followed closely the lines of a business plan Carpenter put before the board soon after he took over as chief executive.

The strategy envisaged a decentralisation of management, cutting numbers in UK manufacturing to increase productivity and realigning the business through the phased programme of disposals and acquisitions.

The business, which had been run by three product group chief executives, was split into 10 operating groups each with a chief executive reporting directly to Carpenter.

"We did it partly to get responsibility out of headquarters but also to get people to concentrate on the growth areas as well as the problems," says Carpenter, who began his career in publishing in 1950 with George Newnes, the UK publisher.

By far the most drastic changes at Reed have involved the programme of disposals and acquisitions.

First on the block was Odhams, a printing company that was losing money. It was snapped up by Robert Maxwell, the publisher and former Labour MP. Reed, which had 23 printing operations in 1970 now has none, the result of a growing belief in the company that publishing should be separated from printing.

The national newspaper interests of IPC came next—sold to Maxwell for £90m. Reed looked at its high turnover and low profits and thought a third of the staff would have to go to turn it into a proper business. Reed decided it did not want to be first over the barricades to tackle the Fleet Street print unions.

Reed also got out of paper merchanting through the disposal of Spicer Cowan. Sanderson, the wallpaper company, went the same way—"we were neither here nor there in wallpaper," says Carpenter.

Building products was a reasonable business and making profits but was capital intensive and Reed did not see it as a cohesive business.

"I didn't think it was going anywhere and we either had to spend large sums of money making it bigger or get out of it. I took the latter course; it was just another arm we could do without," says Carpenter. Ironically many of the businesses Reed disposed of have subsequently done well "in different environments."

On the growth side there have been large investments in modernising Reed's newsprint operations in Canada and substantial profits are expected particularly as newsprint prices have started to harden.

The company has expanded its interests in regional newspaper publishing, particularly free newspapers, and has a majority stake in the Daily News in Birmingham, the daily free newspapers which could yet prove to be the model for further free daily newspapers. It has, though, yet to prove itself commercially.

Reed has even moved into the plastic containers and bottles sector of packaging through the purchase of Smiths Containers.

But it has been in US publishing that the major thrust has come. Last September the Reed subsidiary Cahners Publishing Company, already the largest publishers of specialised business magazines in the US, bought Technical Publishing from Dun & Bradsheet for $250m.

"It was like buying the neighbour's farm. It fitted all the gaps in our business," says Ron Segal of Technical Publishing's 20 titles which are particularly strong in the medical and technology fields. Many of the business titles also have profitable exhibitions attached to them and Reed now claims to be the largest organiser of exhibitions in the world.

Last year Reed moved into the consumer publishing field in America for the first time with the $40m purchase of American Baby, a monthly with a 1m circulation.

Carpenter, who has given up the day-to-day running of the company to Peter Davis, former assistant managing director of J. Sainsbury, the urgent phase of change is over at Reed.

"We have got out of the wood and we can see the direction more clearly. We haven't got a significant losing business and we can see how we are going to develop over the next few years," says the last director from the 1970s still on the Reed board.

Peter Davis (left) and Les Carpenter: getting people to concentrate on the growth areas

Reed may have rationalised but a quick glance round Davis's office still reveals an unusual juxtaposition of artifacts. Tins of Crown paint, plastic sauce bottles and packets of Polyfilla are there in all their glory with racks of magazines from Reed's IPC stable.

Peter Davis, like his chairman, has given up trying to discover a bogus synergy between the business and has accepted that in general publishers do not want to run corrugated paper manufacturing plants and vice versa.

However, the strange mixture of businesses raises questions over whether there is further rationalisation to come.

Clearly paint and DIY seem the largest remaining anomaly within the current structure and analysts wonder whether Reed would be tempted to sell if another desirable publishing business in the US looked as if it were available.

Reed's long term commitment to newsprint in Canada also appears less than total.

"Whether in the long run we will be in paper making in Canada is questionable. We are not going to be building more paper mills—that's for sure," Carpenter believes.

Reed plans to continue buying businesses and the emphasis over the next two years is likely to be in publishing and plastic packaging. Reed's longer term ambition is to evolve into a broadly based communications company increasingly selling specialist information in electronic form as well as through the printed page.

Reed is, however, unlikely to get carried away with the technological wonder of such devices as CD-ROM electronic information storage systems. Carpenter remembers only too clearly how the losses resulting from IPC's early foray into electronic information helped to make the company a target for Reed's takeover in the first place.

The odds are also very heavily against Reed taking any big gambles such as re-entering the national newspaper market in the UK although the company has decided to take a flutter on satellite broadcasting. Reed has signed letters of intent for a £20m investment in British Satellite Broadcasting, the direct broadcasting by satellite consortium planning three new national channels of television in the UK.

Carpenter could also be tempted into buying a US regional daily newspaper—if the price were right.

Games people play in the power stakes

Michael Skapinker reviews a book which is at once sobering, alarming and entertaining

"I REGRET to inform you that my bomb-proof, reinforced nuclear survival shelter has been totally wrecked by vandals," a client wrote to international insurance brokers Stewart Wrightson.

A sad story. But disgruntled consumers sometimes get the chance to hit back. A British jury in 1981 decided that a jar of cosmetic cream with a "double shell construction" (ie, a false bottom) contravened the Trades Descriptions Act.

The manufacturer, an associate of the Unilever group, argued that the "double shell" technique was so common as to be accepted practice. A box of Rowntree's Black Magic chocolates, for example, had an empty space equivalent to around 42.5 per cent of the box. The public, the company submitted, "must be aware that the size of containers is not necessarily representative of their contents."

The jury evidently thought that was wrong. But then as a Dow Chemicals executive once said: "If people perceive us to be doing something wrong, we have to change that perception."

The anecdotes come from "The Book of Business, Money and Power" by Michael Kidron and Ronald Segal*. There are plenty more. Which company, for example, produced and sold the smell of new car (with hints of new leather), the odour of cave and essence of slum? Answer: International Flavors and Fragrances (IFF), ranked 466th of the top 500 US industrial companies.

There is a great deal that is entertaining in this book, but far more that is sobering and alarming. But then Kidron and Segal's purpose is far from frivolous. It is to provide readers with some insight into the world of business, in their words "the dominant source of power and the most pervasive of influences in our world," a force whose "ethos muscles aside all alternatives, impeding the development of the balanced personalities and communities which are essential to the continued existence of every system, including that of business itself."

They realised, they say, that comprehensiveness would be impossible. But they have a fair bash all the same, ranging over the activities of the world's largest conglomerates, the stock market, takeovers, OPEC and the diamond cartel, the black economy and corporate crime.

This is not a grey tome. It is, on the contrary, a riot of colour, with a graphic on virtually every page. It is also full of board games.

In Managerial Snakes and Ladders, for example, landing on the square which tells you that you went to business school with a Saudi prince sends you shooting up almost to the top of the board. Landing on square 43, on the other hand ("the chairman's daughter saw you at an anti-nuclear rally"), sends you slithering back to square two.

Other games include Make or Break, or how to get into the Fortune list of top 50 companies. Landing on "Coal strike strengthens nuclear lobby" helps you on your way. "Whizz-kid director killed in plane crash" holds you back.

There is another game you can play all the way through this book: trying to fathom what precisely it is that Segal and Kidron would prefer to the amoral, anarchic system they describe.

Certainly not central state planning. There is a game called Kleptocracy in which players confront the corruption and collapse of the Soviet economy. ("You are a railway worker involved in a ring that smuggles gold and diamonds to Vienna in the heels of women's shoes. Collect 20,000 roubles in bribes.")

Their last page is a picture of a maze. Rich and poor enter by different gates. Their goal is labelled "happiness," but even if they can find their way to it, three gates, marked "business," "money" and "power," bar their way. Nowhere in this world of business, east or west, is there a shred of comfort to be found. And that, it seems, is that.

* *The Book of Business, Money and Power by Michael Kidron and Ronald Segal. Published in hardback by Pluto Projects, £14.95, and in paperback by Pan Books, £7.95.*

Company Notices

Société Nationale des Chemins de Fer Belges (S.N.C.B.)

Nationale Maatschappij der Belgische Spoorwegen (N.M.B.S.)

US$ 75,000,000 Floating Rate Notes due 1991

guaranteed by
The Kingdom of Belgium

(of which US$ 50,000,000 have been issued as an Initial Tranche)

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from April 23, 1987 to July 23, 1987 the Notes will carry an interest rate of 7% p.a.

The interest payable on the relevant interest payment date, July 23, 1987 against coupon n°6 will be US$ 1,769.44 per Note of US$ 100,000 nominal and US$ 4,423.61 per note of US$ 250,000 nominal.

The Agent Bank

KREDIETBANK S.A. LUXEMBOURGEOISE

CNT

Caisse Nationale des Télécommunications

15,000,000,000 Japanese YEN Floating Rate Notes due 1997

In accordance with the Conditions of the Notes, notice is hereby given that for the interest period from April 22, 1987 to October 22, 1987 the Notes will carry an interest rate of 4 7/16 % per annum.

The interest payable on the relevant interest payment date October 22, 1987 against coupon n°4 will be YEN 212,865 per Note.

The Reference Agent

KREDIETBANK S.A. LUXEMBOURGEOISE

SOCIETES DE DEVELOPPEMENT REGIONAL
EMPRUNT GROUPE DE 30.000.000 D'ECUS 14% 1982 - 1992

We inform the bondholders that the redemption instalment of ECU 3.750.000 -, nominal due on June 1st, 1987 has been satisfied by a drawing on April 7, 1987, in Luxembourg, in the presence of an Huissier.

The bonds will be reimbursed at par on June 1st, 1987, coupon due on June 1st, 1988 and following attached, according to the modalities of payment on the bonds.

The numbers of such drawn bonds are as follows:

2353 to 6102

The following bonds previously called for redemption have not yet been presented for payment:

9620	9878 - 9880	9903 - 9905	10025 - 10036
10053 - 10056	10190	10367 - 10371	10399 - 10409
10456 - 10458	10476 - 10477	10504 - 10511	10634 - 10635
10639 - 10640	10680 - 10684	10721 - 10722	10737 - 10753
10756 - 10758	10764 - 10769	10777 - 10781	10797 - 10799
10832 - 10854	10880	11023 - 11032	11040 - 11041
11111 - 11115	11183 - 11185	11197	11211 - 11216
11239 - 11242	11273	11278 - 11281	11294 - 11316
11321 - 11324	11477 - 11478	11539 - 11540	11660 - 11661
11708 - 11710	11712 - 11723	11728 - 11743	11750
11754 - 11762	11769 - 11774	11915 - 11934	12019 - 12021
12118 - 12122	12140 - 12143	12164 - 12168	12256 - 12257
12988 - 12989	13152 - 13153	13166 - 13168	24193 - 24202
24207 - 24213	24248 - 24249	24256 - 24270	24277 - 24295
24356 - 24358	24360 - 24379	24400 - 24403	24407 - 24409
24428 - 24431	24474	24573 - 24577	24584
24589 - 24590	24611 - 24617	24624	24654 - 24659
24663 - 24669	24691 - 24692	24697 - 24698	24704 - 24711
24721 - 24726	24737 - 24790	24805	24807 - 24810
24823 - 24825	24833 - 24840	24843 - 24856	24862 - 25871
24887 - 24895	25199 - 25201	25241 - 25247	25272 - 25273
25284 - 25286	25292 - 25293	25328 - 25336	25380
25398 - 25399	25440 - 25455	25462	25466 - 25484
25496 - 25499	25507 - 25555	25560 - 25564	25585
25613 - 25624	25631 - 25634	25641	25649 - 25661
25670 - 25671	25691 - 25719	25730 - 25757	25765 - 25809
25840 - 25858	25863 - 25865	25869 - 25871	25910 - 25913
25920 - 25929	25932	26013	26018 - 26021
26058 - 26065	26086 - 26087	26094 - 26114	26199 - 26273
26311 - 26330	26349 - 26365	26428 - 26431	26433 - 26434
26438 - 26443	26461	26501 - 26522	26537 - 26542
26547 - 26550	26569 - 26573	26607 - 26637	26785 - 26789
26831	26880	26890	26969 - 26970
27014 - 27016	27019 - 27021	27024 - 27025	27030 - 27062
27099 - 27103	27292 - 27297	27314 - 27322	27330 - 27372
27411 - 27414	27487 - 27488	27501 - 27510	27516 - 27535
27608 - 27614	27623 - 27640	27669 - 27677	27724 - 27761
27764 - 27765	27775 - 27779	27803 - 27818	27827 - 27836
27838 - 27883	27889 - 27919	27939	

Amount outstanding after June 1, 1987: ECUS 18.750.000,-

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
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AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 10th April 1987.

B.A.I.I. FINANCE COMPANY N.V.

US$70,000,000 Floating Rate Notes 1982/1989

The rate of interest applicable to the interest period from April 24 1987 up to October 26 1987 as determined by the reference agent is 7⅛ per cent per annum namely US$187.89 per Notes of US$5,000.

Legal Notices

NOTICE TO THE HOLDERS OF 7% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2001 OF FAIRMONT FINANCIAL, INC.

NOTICE IS HEREBY GIVEN pursuant to Section 1306 of the Indenture made as of March 1, 1986 by and between Fairmont Financial, Inc., a corporation organised in the United States in the [illegible]

FAIRMONT FINANCIAL, INC.

INSOLVENCY ACT 1986
APPOINTMENT OF ADMINISTRATIVE RECEIVER OVER THE ASSETS OF TRAVEL AND SPECIALIZED COMPUTERS LIMITED

[illegible]

M. C. WITHALL and I. D. WILLIAMS, Joint Administrative Receivers.

NOTICE TO COMPANY OF APPOINTMENT OF ADMINISTRATIVE RECEIVER

BRAYTON METALS LIMITED

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CYRIL W. NIELD, N. T. C. COOK

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THE ARTS

Architecture/Colin Amery

An artist who understands how light makes space

Deanna Petherbridge is one of the few artists I know who has taken the trouble to make something for herself known as her "Critic's Mask." It has a quizzical expression with one raised eyebrow, and a delicate air of faint disapproval lingering around its nostrils. I'm not certain whether she wears it to frighten and mock the critics (who probably deserve it) or merely to deflect the occasional barbs. Hopefully she is not wearing it this morning because this particular critic has *nothing but* awed praise for her new exhibition, *Temples and Tenements* at Fischer Fine Art until May 22.

Deanna Petherbridge is an artist inspired by architecture, indeed her work is motivated by her architectural memory. Her work is intense, serious, technically dazzling and totally original.

This exhibition is of large-scale pen and ink drawings of temples in India with some examples of a strange, squatted telement in Calcutta. In the past much of her work has been to do with the way we perceive the geometry of architecture and the way that one system of geometry or proportion dis*torts or transforms when* superimposed upon another. On a large scale and in a highly competent way Deanna Petherbridge uses the lines, simply drawn with a technical pen, to convey the elaborate compilation of architectural spaces.

Her work has moved from the concise diagrams and mandalas of a few years ago, through strong and gigantic images of war and the architecture of war, to the latest series of potent interiors of the Indian sub-continent. Her work in this exhibition shows how far she has moved from war to worship — to an intense understanding of how light makes space.

It is not India that is evoked initially by these drawings on the walls of Fischer's London gallery. It is more a sense of powerful architectural memories—a concern with the *geometric drama of structure,* as well as a conviction that the past has a living significance in India which does not exist in the West.

The artist has wisely written that *Europe "is only left with* tantalizing hints of the past." In India there are no sad evocations but a strong sense of *continuity and spirituality* about places that in the West has been almost removed by tourism and the loss of a shared sense *of community.*

No one can quarrel with this artist's definition of the importance of architecture—"(it) works as a rationalization of the society it serves . . . a structural paradigm for observing alien cultures and a common language for interpreting the unfamiliar."

I well remember an earlier work by Deanna Petherbridge called "The Temple as a Holy *Mountain" in which a great* Indian temple emerged from glass test tubes and cylinders. The sensations of fragile power — a religious strength that it sensitive and tough at the same time — were memorably indicated in that work.

These Indian pictures are darker and more sacred and strongly reminiscent of the sort of ritualistic dream that lingers after visiting Indian temples. The unease *felt* by Adela Quested in Forster's *A Passage to India* in the Malabar Caves is sensed strongly in these geometric observations of India by an alien observer.

The strictness of the architectural framework of all of Deanna Petherbridge's work is at the same time nourishing and curiously cold. The drawings are produced with a skill that appears (but clearly *is* not) mechanical. There is a sensation that this architecture and this geometry is not simply the product of human hands but that we are all the subjects of a giant mathematical machine.

Deanna Petherbridge's work has a lot to teach architects about the true power of geometry and the true meanings of their art.

★

The spread of museums has almost become a danger to public health. Last week saw the opening of the new branch of the V and A, the Theatre Museum in the old Flower Market buildings in London's Covent Garden. It is architecturally a curiosity. Most of the museum is underground in the acres of basement stage once full of bananas. The above ground part is a kind of jolly pastiche of a rather bad Covent Garden set of the 1950s. *All* the flesh toned marble and gilding is very much one sort of English theatre and looks fine if *you want that sort of My Fair Lady* atmosphere.

The rows of little exhibition booths lining the walks through the museum are a bit like lots of Punch and Judy shows—but the displays are much more static and totally silent. It seems a bit rum to have a reconstruction of a fine Edwardian theatre foyer underground in Covent Garden when London has quite a few real *theatres that could have done* the job rather better . . .

The Theatre Museum is a piece of cheery nostalgia—of course *being a museum it* has to be very serious too—and there are lots of sober study collections and fascinating memorabilia.

The tinsel side of the theatre is what most people are going to enjoy—and this show is so well located *that it* should run and run and make lots of money for the V and A. It has an extraordinary feel of the 1950s about it all—when pubs were going back to Victoriana and the music hall seemed so romantic.

Anthony Holland has less flair than Oliver Messel or Cecil Beaton *but* he has brought to Covent Garden that sort of nostalgia formerly achieved only at the end of Brighton Pier. It could all have been done more stylishly but after such a long wait it is a relief *it has* been done at all.

Shakti Vijayanagara, 1985, one of Deanna Petherbridge's powerful architectural drawings at Fischer Fine Art

The Stone Guest/Coliseum

Max Loppert

One of the undoubted Good Things about the current artistic regime at the English National Opera is its willingness to take on some of the alleged by-products, casualties, or hopeless cases of operatic history—and, through force of conviction and fresh, vivid *stagecraft, make* a working concern of them. Dvorak's *Rusalka* and Janacek's *Osud* have been perhaps the greatest *vindications of the effort, but* there have been others. Last Thursday the company introduced one of the milestones of Russian opera, Dargomizhsky's *Stone Guest*, to its repertory. The result is not one of the spellbinding ENO triumphs; total re-phrasing of familiar textbook judgments will probably not be demanded thereby. But it was nevertheless a performance I was very *glad to have* sat through.

Dargomizhsky and his senior contemporary Glinka provided the inspiration for the wave of *Russian nationalist* composers of the later 19th century, a wave that reached its crest in Musorgsky's *Boris. The Stone Guest was the last of his operas* (it was left incomplete, and the version given after his death, in 1872, bears the finishing labours of Cui and Rimsky-Korsakov). In it, the ideal of "melodic recitative," of scenes shaped according to the dictates of the text rather than broken into predetermined number divisions, bore its first full fruit. The Pushkin play of the same name is closely adhered *to, since Dargomizhsky's aim of* "tuning" it into continuous melody is carried through with *visionary strictness.*

The unique historical status of the work is generally agreed upon. So, it seems, is its *aristic thinness, its melodic* insubstantiality, its orchestral dullness and anonymity of characterization. ("Despite its interest and historical importance, the work is artistically dead," says Gerald Abraham in *A Hundred Years of Music.*) Yet the best parts of the ENO performance bring with them the salutary reminder that music which looks bare and inanimate in private score study can course with unpredictable life in its proper theatrical environment.

On Thursday it was undeniable *that not all of the opera surges* with the excitement that fills its most famous passages—the intimations and then the appearance of the Commander's statue, which send the whole-tone scale rushing up and down through the musical fabric. The long interviews between Don Juan and *Dona Anna (in Pushkin* she is the Commander's widow) seem to drag—though this might well have been the fault of Keith Warner's *production*, of which more later. Only in the scene for the actress Laura (mezzo), one of Juan's flames, in which the general rule of the work is relaxed to include her stropic songs, does Dargomizhsky in any way approach some of the colour and vitality for which Glinka's works are still greatly prized.

I first encountered *The Stone Guest* at the Opéra-Comique in *February 1985, and was swept* away by it. That was in Russian (a work so concerned with the very *shape of each word* inevitably sounds best in its original language); it was given in a small theatre of ideal size for *the music; the production was* plain, unvarnished, intent on seeking out the "truthfulness" that Dargomizhsky and his successors declared to be their highest aim.

The Coliseum is much larger. Too large, indeed: it is probably not the fault of the conductor Paul Daniel (also responsible, with Joan Rodgers, for the translation) that a fair amount of the simple detail, of phrase and texture, on which the dramatic movement depends seemed slightly but persistently under-projected (this will surely be better counteracted at later showings).

Mr Warner, responsible for the ENO's unhappy Rossini *Moses* last year, has with designer Marie-Jeanne Lecca contrived a striking stage box (owing portions of its set to the Miller-Prowse *Don Giovanni* currently running in tandem at the Coliseum). There is a glitter about the lighting and costumes which sorts well with *the general elision of the action* (all characters on stage at all times, the whole work played without interval). The Laura *scene* goes brilliantly — Sally Burgess is sultry, witty, alluring, Neil Howlett's Don Carlos very distinguished, and the interplay between major and minor roles, between comedy and tragedy, boldly achieved.

But elsewhere there is too much fussy, busy detail; and I feel the producer has "*mis*-read" the character of the encounters between the disguised Juan (wearing Woody Allen *spectacles) and the mourning* Anna, played at times for clumsy near-farce. The pensive beauty of face and the liquid soprano delivery of Kathryn Harries' Anna constantly threatens to restore the proper sense of the drama; but that fine stage artist Graham Clark has wholeheartedly lent himself to a facetious, bouncily bumptious account of Don Juan, and it sounds false notes here and *throughout the performance* (Mr Clark's top notes and soft singing sounded oddly unclear). John Connell's Leporello, dour but not humourless, with flashes of intelligent observation, is a portrayal already on the right lines.

Graham Clark and Kathryn Harries

More Romanticism/Elizabeth Hall

David Murray

The third of the English Chamber Orchestra's "Dawn of Romanticism" concerts shed no special light upon anything, but it made a pleasant Friday evening. Presumably the sponsors Nabisco thought so too. Nothing much follows from the *fact* that Berlioz wrote *his Huit scènes de Faust* in the year of Schubert's "Great" C major Symphony, 1828; nor, if *it comes to that, that the failed* opera to which Méhul's Overture "La chasse du jeune Henri" belongs had the same librettist as Beethoven's *Fidelio*.

It would be hardly possible to make us hear the Schubert as if with new ears, and Sir Charles Groves conducted it like someone who has heard it rather often before. It was a straight, steady performance—not slow: the Andante was emphatically "con moto," and Groves indulged no breath-pauses, nor any kind of rubato. Successive paragraphs were carefully *graded, but for* a chamber orchestra performance there was very little soft playing. The nine brass instruments Schubert requires made the strings work hard to compete.

Mehul's quaintly charming Overture was delivered with the right kind of simplicity, except for the horns who introduce the "hunting" music: they fell off more than once. In Carl Maria von Weber's E-flat Clarinet Concertino everybody provided excellent support for Emma Johnson's entirely winning account of the solo part. She had not only the unflagging verve whic his a *sine qua non for Weber's virtuoso* party-pieces, but the lightness and witty subtlety to make something fresh of all the quiet music. It was something like an unimprovable performance—and Miss Johnson is only 21.

At short notice, Ann Murray replaced the indisposed Isobel Buchanan in the Berlioz songs. The two from the early *Faust* "scences", "Le roi de Thule" and *Marguerite's Air* (the "Gretchen am Spinnrade" lyric, in fact), suited her perfectly, and she modelled their lines with pricise feeling and modesty. The later "Zaide", a dazzling little firework, went prettily but a notch too slow: at that tempo, the all-important castanets sounded a bit tourist-class.

Jaguar sponsors CBSO tour

The City of Birmingham Symphony Orchestra and its principal conductor, Simon Rattle, are to visit Japan for the first time in June with a nine-concert tour.

Sponsored by Jaguar, the orchestra will play in Tokyo, Matsudo, Namazu, Osaka and Takamatsu with a repertoire of Brahms, Mahler, Sibelius, Britten and Japanese composer Takemitsu's *A Flock Descends into the Pentagonal Garden*, which was given its British premiere by the orchestra at the 1984 Aldeburgh Festival.

Emilia Galotti/Young Vic Studio

Martin Hoyle

The production of *Emilia Galotti* by the plc company at the Young Vic studio reminds us how scurvily the British *public* has ignored Lessing despite his enthusiasm for English letters. His domestic tragedy, the first in German, *Miss Sara Sampson* (1752), owed much to *Pamela*, among other English works. Lessing's lifetime (1729-81) saw the dawn of German romanticism and he doughtily championed Shakespeare as more suitable fare for the German public than the constricting models of French classicism.

Emilia is tightly plotted. The story of lust, attempted seduction, kidnapping, murder and honourable, self-willed death occupies an eventful day. The murder of the bridegroom is decently done off-stage (we hear *the pistol shots), reminding us* of Gallic classicism, though the highly-principled paterfamilias despatches his daughter, at her own request, in full view.

Emilia is abducted by the licentious Prince (this is Renaissance Italy) on her wedding day; her father kills her to preserve her honour. Intriguingly, she demands this way out through fear not of rape—which would leave her integrity unscarred— but seduction. "I cannot pledge myself, I guarantee nothing," she declares on learning she is to be confined by *Chancellor Grimaldi* and his notorious daughters, rather a jolly-sounding household. Some critics maintain she is actually *attracted to the Prince*; and Malcolm Edwards's production hints that for a moment she is ready to fall into the arms of the man responsible for her fiancé's death.

Here a flowery Victorian translation (1878) clashes with a modern *setting—snazzy suits,* Italian-designed coffee pots—and most of the young cast has difficulty in overcoming the resultant incongruity. Robert Gary hints at the guilt, squeamishness and scruples of the interestingly many-sided libertine: a Gonzaga, incidentally, of that dynasty that provided another noble lecher, the Duke of Rigoletto. (The Mantuan air has much to answer for, from Ovid onwards.)

As ever, virtue comes over as fairly stilted. Naomi Capron whole-heartedly attacks Emilia's bouncing innocence and almost goes mad, like Tilburina, in white satin. She creates a very Victorian wronged maiden. Best of all is Sharon Bowers as the Prince's rejected mistress. Her range and humiliation are full-blooded and impassioned, and totally free of melodrama. Coming shortly: Lessing's romantic comedy of pride, misunderstanding and love triumphant, *Minna von Barnhelm.*

Arts news in brief . . .

Ballet Rambert returns to Sadler's Wells for a two-week season from May 12 with three London premieres in its programme: *Pulcinella* by Richard Alston with designs by Howard Hodgkin, *Dutiful Ducks*—again Alston—a rhythmic response to the word patterns of a poem by Charles Amirkhanian, and *Rushes* by Siobhan Davies, to piano music by Michael Finnissy.

★

The Schaubühne Company from West Berlin will open the National Theatre's International Theatre 87 season with Peter Stein's production of Eugene O'Neill's *The Hairy Ape*, which will have six performances in the Lyttelton Theatre from May 11 to 16.

The company was last in London 10 years ago when it *brought Gorki's Summerfolk to* the NT. This latest visit, sponsored by Mercedes-Benz, has been arranged as part of the Festival of German Arts, London, 1987.

Other participants in the season will be the Royal Dramatic Theatre Company from Stockholm who will present two plays directed by Ingmar Bergman — *Hamlet* and Strindberg's *Miss Julie* (June 10-18), and the Toho Theatre Company from Japan with *Macbeth* and *Medea* (September 18-26).

Finally the Mayakovsky Theatre Company from Moscow will make its UK debut.

★

This year's Duke Ellington anniversary concert takes place on his birthday — Wednesday, April 29, in the Queen Elizabeth Hall on *London's* South Bank.

Adelaide Hall, who recorded with the Ellington Orchestra in *1927, will be appearing with* the Midnite Follies Orchestra, directed by its co-founders, Keith Nichols and Alan Cohen.

Sandra Madgwick and LFB

Clement Crisp

Sandra Madgwick's appearance as Aurora in Sadler's Wells Royal Ballet's *Sleeping Beauty* at the Opera House on Saturday night was a singularly happy occasion. Miss Madgwick may seem slight in physique, but there is nothing small in her dancing: movement is full, generous in outline — the dance *has horizons. She is a "natural"* interpreter, in that she displays the logic of choreography with entire simplicity, and she gives sequences of movement a perceptible form so that they come alive and speak to us of the beauty of the role and of the dance itself. Thus her interpretation flows onward with a rippling momentum, like the roulades of a bird singing. In this lies its especial charm: as Aurora she bewitches us, and the role, with the lightness, the liveliness of her temperament and her technique. Quick, free, joyous, it is a performance to make one smile with pleasure at the accomplishment and prettiness of its style. Sandra *Madgwick is an Aurora to* has horizons. She is a 'natural' treasure.

There is plenty to admire, *too,* in Petter Jacobsson's account of Prince Florimund. Mr Jacobsson is the most academically pleasing and polished danseur we have, and he displays the bravura demands of the third act solo with a power and a creamy muscular phrasing that makes them seem absolutely sure and smooth. His *acting is of the honestly boyish* variety, but the role calls for little more, and he takes the stage with dignity and simple nobility, and we believe. Praise also for Ormsby Wilkin's command of the score. A ballerina once spoke to me of a conductor as "like another partner", and this Mr Wilkins most attentively is, without minimising the glories of Chaikovsky's writing.

★

There could be no greater contrast with this carefully considered dance performance than the brutish evening presented by LFB, Festival Ballet's smaller ensemble, at the Wells on Friday. A prospective viewer of the works on offer is warned that stunned eardrums are among the lesser dangers of this crass programme. It may be LFB thinks that, numbed into submission, the public will not register fatuous choreography and vapidly opportunistic dance-making, but two *of the pieces have deafening* sound-tracks that do not disguise choreographic awfulness. I reviewed Michael Clark's *Drop your pearls and hog it, girl* at its Bath première last year, and I find it no less shoddy and inconsequential—and offensive in its noise level—than I did then. It remains witlessly juvenile about *Swan Lake.*

Even more of an affront to the tympanum is *Ulysses Dove's* recent *Episodes*, whose accompaniment by Robert Ruggieri bangs and rages on the threshold of aural pain, while its cast—dressed a sfor the locker room—fling themselves about the stage in an access of energy as vehement as it is purposeless. *The choreography is so* much athletic rodomontade; the dancers are made to look lumpy and muscle-bound, hurling themselves in predictable diagonals like fugitives from the parallel bars.

In an evening of musical nullities, the quietist work is Christopher Bruce's brand new *The Dream* is over, which seeks to tell John Lennon's story by means of his songs as accompaniment to an emotional view of his life-style. Matz Skoog gives a tireless and highly-charged impersonation of Lennon, and Bruce's choreography probes into feelings, albeit hamstrung by the episodic nature of the songs and the form itself. Even so, there are images boldly suggestive of family distress, of the frenetic world of the Beatles and their fans, and of the addled aspirations of the young for whom Lennon was a cult figure. There is an effective set of stretched fabric by Wes Harper, and costuming that recalls the more hideous aspects of 1960s clothes.

This week's season by LFB has been disquieting. *Carmen*, the one established repertory work, was bleached in staging and performance. The five novelties were undistinguished. The only commodities in plentiful supply were noise and the the dancers' abundant, if unfocussed energies. The effect of the two programmes was meretricious. Privatbanken was the sponsor.

Annie Fischer/Elizabeth Hall

Dominic Gill

Three piano sonatas by Mozart, Schumann and Schubert *made up Annie Fischer's recital* programme last Thursday. Although Schubert's great B flat sonata D960 was undoubtedly the recital's glory, there was much else also that was similarly strong and affecting and lucid. The Mozart (K310 in A minor) was not, to tell the truth, vintage Fischer. The opening movement was a bit of a warmer-up, and uncharacteristically splashy: but the *impetus* of the music, and the grandness of its lyrical argument, was beautifully clear.

Her Schubert B flat sonata had marvellous concentration and intensity—the andante especially delivered with a simple, unaffected eloquence and a powerful containment that recalled (though the sound-worlds are entirely different) no less a great Schubertian than Richter. Her scherzo had an easy, joyful swing — the trio had a strange wind-band plangency that I've not heard in it before, unusually effective. The finale was full of streaming clouds, and fierce winds.

I have heard more sensuous, and more subtly coloured, accounts of Schumann's F sharp minor sonata: but Miss Fischer's ability to distill the essence of a gesture, and go straight to the heart of a phrase, was unerring. At its best her playing always has this uncompromising honesty and directness, whatever may happen incidentally in the detail of the score. Her Aria was by any lights nearly perfect Schumann playing, deft, delicate, pungent, but never sentimentalised. The finale was by turns *commanding and* flighty—a thrilling and, for all its roughnesses, an absolutely convincing tour de force.

Kathleen Ferrier prizewinners

Janice Watson, a 23-year-old soprano studying at the Guildhall School of Music, has won the 31st Kathleen Ferrier Memorial Scholarship — £5,000.

The Decca-Kathleen Ferrier prize of £1,000 was won by Elizabeth McCormack, a 22-year-old mezzo-soprano studying opera at the Royal Scottish Academy of Music and Drama.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 24–30

Music

LONDON

Barry Douglas, piano: Beethoven, Shostakovich, Mussorgsky. Barbican Hall (Wed). (638 8891).

City of Birmingham Symphony Orchestra, conductor Simon Rattle: Mozart, Mahler. Barbican Hall (Thur).

London Sinfonietta, conductor Elgar Howarth: Xenakis, Birtwistle. Elizabeth Hall (Thur). 928 3191).

Royal Philharmonic Orchestra, conductor Andrew Litton, Jon Kimura Parker piano: Mozart, Schumann, *Mahler*. Festival Hall (Thur). (928 3191).

NETHERLANDS

Amsterdam, Concertgebouw: Antoni Ros-Marba conducting the Netherlands Philharmonic with Edith Mathis, soprano: Bach, Mozart Strauss (Tue). The Amsterdam Promenade Orchestra and vocalists conducted by Martin Kamminga: Mendelssohn, Orff (Thur). Recital Hall: Hein Meens, tenor, accompanied by Rudolf Jansen (Mon). The I Fiamminghi Chamber Orchestra led by Rudolf Werthen, with Matthias Maurer, viola, and Franca Spinguel, cello: Telemann, Hindemith, Haydn, Tchaikovsky (Tue). The Glinka Quartet (Wed, Thur). (71 83 45).

Utrecht, Vredenburg. The Gelders Orchestra conducted by George Octors, with Jard van Nes, mezzo, and Richard Salter, bass: Brahms, Mahler (Wed). Recital Hall: Anja van Wijk, mezzo, Ruud van der Meer, baritone, Theo Olofs, violin and Frans van Ruth, piano: Fauré, Roussel, Debussy (Tue). The Fodor Quintet with Rian de Waal, piano: Mozart (Wed). (31 45 44).

Rotterdam, Doelen. Antoni Ros-Marba conducting the Netherlands Philharmonic, with Edith Mathis, soprano: Bach, Mozart, Strauss (Mon). Arie Keijzer, organ, and the Netherlands Brass Quintet: Bach, Gabrieli, Vierne, Ewald, Keijzer (Thur). Recital Hall: Mozart recital by vocalists and the Stadler Basset Horn Trio (Mon). (414 29 11).

WASHINGTON

National Symphony (Concert Hall): *Maxim Shostakovich* conducting. Tchaikovsky, Shostakovich (Tue); Hugh Wolff conducting, Kathleen Battle soprano Mozart, R. Strauss (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Christopher Hogwood conducting. C.P.E. Bach, Mozart, Stravinsky, Haydn (Tue); C.P.E. Bach, Villa-Lobos, Martinu, Schumann (Thur). (435 6111).

NEW YORK

Carnegie Hall: Orpheus Chamber Orchestra. Alicia de Larrocha piano. Rossini, Mozart, Haydn, Strauss (Mon); Boston Symphony. Seiji Ozawa conducting, Krystian Zimerman piano. Schaffer, Liszt, Ravel (Tue). Liszt, Bruckner (Wed, Thur). (247 7800).

New York Philharmonic (Avery Fisher Hall): Andrew Davis conducting. Colgrass, Haydn, Strauss (Thur). Lincoln Center (874 2424).

Philharmonia Virtuosi (Town Hall): Richard Kapp conducting, Cameron Grant piano, Paul Peabody violin. All-Ravel programme (Tue). (842 1818).

SPAIN

Barcelona: The English Chamber Orchestra conducted by Enrique Garcia Asension with pianist Josep Colom; Stravinsky, Mozart, Cerello, Haydn (Tue). Same orchestra accompanies *sopranos Carmen* Bustamante and Nancy Argenta, tenor Howard Crook, bass Luis Alvarez and Coral Antics Escolan de Montserrat conducted by Edmon Colomer; *Mozart's Prague Symphony* and Mass in D Minor (Wed). Paleu de la Music Catalana, Amadeo Vives 1.

Madrid: Philharmonia Hungarica conducted by Pedro Alcalde: Prokofiev, Brahms. Teatro Real, Carols 111 (Thur).

ITALY

Parma, Teatro Regio: music by Gershwin sung by the soprano, Grace Bumbry, accompanied by Jonathan Morris (Fri). (Box Office 79 56 78).

Milan, Teatro alla Scala: Riccardo Muti conducting Beethoven's Symphony No. 1 and Prokofiev's Romeo and Juliet Suite (Mon). (Box Office: 80 91 26).

Florence, Teatro Comunale: (Maggio Musicale Fiorentino): The Chung Trio playing Mozart, Mendelssohn and Brahms (Wed). (Box Office: 277 9236).

PARIS

Alfred Brendel, piano recital: Schubert (Mon). Salle Pleyel (4563 0796).

Teresa Zylis-Gara, soprano, Christian Ivaldi, piano: Rachmaninov, Tchaikovsky.

Antonio Ruiz-Pipo, piano: Scarlatti, C.P.E. Bach, Schubert, Novak, Turina (Wed). Salle Gaveau (4563 2030).

Ensemble Polyphonique de Versailles, Orchestre Français d'oratorio conducted by Jean-Pierre Lore: Mozart – Coronation Mass, Handel – Te Deum (Thur). Saint-Roch Church (4261 9326).

London Nash Ensemble, A. Rolfe Johnson, tenor: Roussel, Warlock, Gounod, Fauré (Thur). Musée d'Orsay (4549 4814, ext 4389).

VIENNA

Clemencic Consort conducted by Rene Clemencic. Italian music from the 17th century. Musikverein Brahms Saal (65 81 90). *(Fri).*

Ensemble Polyphonique de Versailles. Liszt and French Renaissance music. Votivkirche (Fri).

Vienna Hofburg Orchestra conducted by Gert Hofbauer. Waltzes and light opera music. Konzerthaus Mozart Saal (72 12 11). (Sat, Thur).

TOKYO

The Bartók Quartet: Beethoven, Brahms, Bartók. Asahi Seimei Hall, Shinjuku (Mon). (353 2242).

Japan Philharmonic Orchestra, conducted by Naoto Ohtomo, with Hiroko Nakamura, piano. Chopin, Mussorgsky. Suntory Hall, Akasaka (Wed). (224 1911; 237 9990).

Traditional Japanese music: Koto and other traditional instruments in recital of music with *spring and cherry blossom themes*. Dai-ichi Seimei Hall, Hibiya, near Ginza and major hotels. (Tue). (216 3810).

FINANCIAL TIMES

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Telephone: 01-248 8000

Monday April 27 1987

US trade at a crossroads

THE EXTENT to which the US is willing to contemplate protectionist "cures" for its gaping trade deficit will be tested in two ways this week. The House of Representatives is due to debate a trade bill which, despite last minute amendments, has distinctly protectionist overtones; the tone of the debate will be a measure of sentiment on Capitol Hill. Perhaps more important, Mr Yasuhiro Nakasone, the Japanese prime minister, will be in Washington on an official visit; his talks with President Reagan should provide insights into the latest White House thinking on trade policy.

The trade discussions occur against a backdrop of great unease in financial markets. Share prices are unusually volatile and the dollar has just fallen through key support levels against both the yen and the D-mark despite substantial and concerted central bank intervention. At the same time, US public opinion seems to be running strongly against Japan and other Asian exporters.

Domestic causes

Efforts have been made to ensure that the House trade bill does not appear too overtly protectionist. This reflects the Democrats' wish to avoid being labelled the party of protection and a recognition that there are some deep-seated domestic causes of poor US industrial competitiveness. As in Britain, the debate about economic performance is ranging widely; prolonged low productivity and a secular deterioration in the trade account are forcing the US to face up to flaws in corporate management, inadequacies in industrial training and faults in the general education system.

An acceptance of domestic failings, however, is being coupled with a much less attractive tendency to blame foreigners for the US trade deficit. In its original form, an amendment to the trade bill proposed by Mr Richard Gephardt, a candidate for the Democratic presidential nomination, would have required the Administration to take unilateral action against countries running large surpluses with the US. If convicted of "unfair" trade practices, the trading partners concerned would be required to reduce their surpluses by a set amount each year.

The Gephardt amendment has been toned down. There is now more emphasis on the need for negotiation and less on unilateral action by the President. However, it is far from clear that US Congressmen fully accept the folly of seeking to narrow the deficit by specific measures to curb bilateral imbalances with particular countries. Such a policy flies in the face of the laws of comparative advantage that underpin efficient trade: in a multilateral trading environment, there is no reason at all to seek bilateral balance with all of one's trading partners. Indeed, it is not even fair to argue that those countries running the biggest surpluses with the US are the most responsible for its overall deficit.

Underlying cause

The deficit has macroeconomic origins and is best tackled by macroeconomic initiatives. Country-by-country or product-by-product barriers would not only invite retaliation against US exports, they would be unlikely to be effective. Since they would not address an underlying cause of the deficit—the shortfall of domestic savings that makes the US reliant on foreign capital inflows—they would probably result merely in a substitution of unrestricted for restricted imports. Just such a substitution may already be being encouraged by the uneven depreciation of the dollar, as higher imports from countries whose currencies have not adjusted take the place of goods from regions which have suffered strong appreciation against the dollar.

Rather than flirting with ineffectual forms of protectionism, the US ought to reaffirm its commitment to an open multilateral trading regime and take steps to curb its shortfall of domestic saving. One route is higher interest rates which would depress capital formation while boosting savings; another is higher taxes. For their part, the US's trading partners must accept that if the US trade deficit is to be narrowed without provoking a world recession they will need to take much firmer action to boost their economies.

Reconciliation in Algiers

RARELY have the affairs of the Palestine Liberation Organisation, tortuous at the best of times, seemed more paradoxical. Last week's meeting in Algiers of the Palestine National Council — the Palestinians' parliament-in-exile—seemed to provide a personal triumph for Mr Yassir Arafat, the PLO chairman, after a four-year split in the organisation fomented by Syria. But the meeting was also a setback for the cause of moderation within the movement which Mr Arafat has championed in recent years.

The meeting—the PNC's first session since 1984, when it set the Palestinians on course for co-operation with Jordan—produced calls for an international conference on the Arab-Israeli dispute. Yet it appeared to put new obstacles on the road to the conference table by formally abrogating Mr Arafat's February 1985 agreement with King Hussein, which had itself suggested joint representation at peace talks and a Palestinian-Jordanian confederation.

Pressing reasons

Yet despite the sudden upsurge in Palestinian military activity on Israel's northern border last week, it would be wrong to conclude that a more radical PLO, irrevocably committed to armed struggle, is in the making. There is a chance that the rhetoric is deceptive and that something constructive may be drawn from Algiers despite the apparent hardening of the Palestinian line.

There were, after all, pressing reasons for the more radical Palestinian faction to move closer to Mr Arafat's mainstream Fatah group. The PLO's attempt to co-operate with Jordan had in any case run into the sand more than a year ago, when King Hussein lost patience with what he saw as prevarication by Mr Arafat over crucial United Nations Security Council resolutions which recognise Israel's right to exist.

More urgently, the PLO factions have been thrown together in recent months by the ferocious camps war in Lebanon, in which Palestinian refugees were until recently kept under siege by Syrian proxies. This has made the position of Palestinian groups under the tutelage of Damascus uncomfortable, to say the least.

Mr Arafat has also been allowed considerable room for manoeuvre by the deals he struck in Algiers. The crucial question of relations with Egypt — which has been a bone of contention within the PLO since the chairman visited Cairo in defiance of an Arab boycott — was fudged. And despite a commitment to make the PLO leadership more "collective," the key executive committee is still under the control of Mr Arafat and his allies.

As a result, the outcome of the Algiers meeting may in itself provide a new opportunity for peace-making. In the first place, by reuniting the PLO, it may have created a more coherent negotiating partner, if not a tractable one. The meeting has also undermined President Hafez al-Assad of Syria's claim that his foe Mr Arafat does not represent the Palestinians.

Moscow's role

Secondly, the Palestinian reconciliation—sponsored to a large extent by the Soviet Union—has thrown a more constructive light on the potential for superpower involvement in the Middle East. Moscow has been playing a prominent role in trying to foster an international conference on the regional conflict in recent months, and appears to have been wielding its influence in the cause of moderation—most noticeably during President Assad's Kremlin talks in the past few days.

The main challenge, though, remains in the hands of the PLO: how to find a way of coming to terms with Israel without again breaking apart at the seams. In return, some sign on the part of Israel and its superpower sponsor of a readiness to reciprocate ought to be possible.

REGULATING UK TAKEOVERS

Towards the insider track

By Clive Wolman and David Goodhart

WITHOUT exception, all the insider dealing and share manipulation scandals in London and on Wall Street over the past five months have arisen from corporate takeover bids.

The effect has been to fuel criticisms of the takeover bid as the primary mechanism for disciplining and replacing poor corporate management. But as no alternative mechanism is likely to emerge in the near future, the reformers have focused on the details of the rules for conducting takeover battles.

Taking advantage of the current takeover "pause," a review led by the Treasury and the Bank of England is due to be published this week. It has examined the staffing and investigative powers of the Takeover Panel, the obstacles to an effective and swift flow of information between regulators, and the use of nominee accounts.

The takeover boom which began in 1983 has not been any larger in relation to stock market size than its predecessor in the late 1960s, even before the scale of activity subsided last autumn.

But the abuses of the 1980s differ from those of the 1960s, which were concerned mainly with misleading accounts and profit forecasts, the acquisition of companies by stealth and the unfair treatment of minority shareholders.

In particular, the merchant banks of the 1980s have been committing large sums of their own capital to fighting takeovers in return for success-geared fees from their clients.

The boom has also seen the export from the US of bid arbitrage, in which dealers loosen up the share register of a potential target through their aggressive purchasing of large stakes which are eventually sold on to the highest bidder.

The most serious allegation against the merchant banks is that their activities have been aimed at manipulating the share prices of the target or the bidding company. Until recently the share price of a bidding company would normally slip during a takeover because of the feared dilution; now it often goes up. The sharp rise in the Guinness share price from 290p to 355p during its takeover bid for Distillers last year led to an unsuccessful complaint to the Takeover Panel from the rival bidders, the Argyll Group. In retrospect, it is surprising how sanguine most observers were about this boost to the Guinness offer.

How does a company and its merchant bank advisers legally achieve such ramping? Their skill lies in persuading institutional investors to buy large tranches of their shares at decisive moments so that prices are pushed up. The traditional and more subtle method of persuasion is to call in favours from the company's core shareholders, who may have done well out of the stock, and to explain to them the benefits that the takeover will bring to the predator.

But sometimes less acceptable means of persuasion are used, for example enlisting the support of those who have, or are likely to be given, a strong commercial reason for wanting one set of managers to seize, or to keep, control. One purchaser of a 5 per cent stake in Guinness during the final stages of its takeover battle was Mr Meshulam Riklis's Schenley Industries, which was concerned about the lucrative US distributorship rights for Distillers' whisky and gin brands.

The form of persuasion to attract most attention in recent months is an offer by a merchant bank to indemnify share purchasers against any losses they may suffer from holding the shares they buy. In effect an investor is offered a cost-free put option by the merchant bank.

An indemnity or some other kind of inducement made by the company to purchasers of its own shares is a breach of the Companies Act and could lead to imprisonment. This prohibition applies whether or not the indemnity arrangements are disclosed. But the provisions of the Act can be sidestepped if a company's merchant bank gives the inducements on its own initiative, even if in practice the bank expects to recoup any outlays it makes through the fees it receives from the company. The Guinness affair, in particular the bungled indemnity payments of £7.6m to the merchant bank Henry Ansbacher which were arranged by Morgan Grenfell's Mr Roger Seelig, exposed the artificiality of such arrangements.

In contrast to the merchant banks, the activities of arbitrageurs create a risk of a more traditional form of abuse which has exercised regulators since the 1960s, the winning of control of shares in the target company by illicit means. In some battles, for example, the Turner and Newall bid for AE, they are thought to have ended up owning at least 15 per cent of a company's shares.

The most active and, since his unmasking last November, the most notorious US bid arbitrageur, Mr Ivan Boesky, first surfaced in the UK in 1984. The UK has also sprouted its own arbitrageurs: Mr Jacob Rothschild, Mr Gerald Ronson, head of the Heron Corporation, who played a decisive role in the Burton Group's bid for Debenhams in 1985, and Mr Robert Maxwell have been making increasingly frequent appearances in takeover battles.

There may be an economic rationale for the role of the arbitrageur in takeover battles. However, his presence creates the temptation for the merchant banker planning a takeover to feed him inside information to encourage him to build up a stake in the hostile company. As one banker said recently: "the arbs are on the phone all the time to us when we're involved in a large bid. You can't afford to tell them to get lost."

The arbitrageur can also be used to disguise the formation of an illicit concert party which buys a stake in the target. Such a possibility is the focus of a probe by the US Securities and Exchange Commission into the relationship between Boesky and Mr Carl Icahn who both built up stakes in Gulf and Western, the US conglomerate, without disclosing them because individually both were just below the 5 per cent disclosure threshold.

The proposals for tightening up on the conduct of takeover battles fall into three categories: restrictions on share trading, fuller disclosure and greater investigatory powers. The more draconian proposals include the suspension of trading in the shares of a predator and target company during a bid, the disenfranchisement of any new shareholder for the first three or six months (to discourage the influence of arbitrageurs) and a ban on merchant banks and other financial advisers from dealing in the shares of companies involved in takeover battles which also involve their clients.

But such proposals would restrict the principle of a free secondary market in company shares; they would be simple to bypass (by off-market trading) and would create other distortions and scope for abuse.

The Government-sponsored review is more likely to adopt the more liberal approach of improving disclosure so that investors can judge whether share prices are being artificially inflated or deflated by the activities of interested parties. Already, new rules introduced in February oblige anyone controlling 1 per cent or more of a company's shares (previously it was 5 per cent) to disclose any dealings in that company's shares during the course of a bid, which has already helped to reduce the trading in takeover stocks. Some argue that even the 1 per cent threshold is too high, especially for larger companies, and point out that it does not apply to arbitrageurs who buy up large stakes in the target company before the bid is made public and then accept the bidder's offer.

The other popular targets for fuller legally-enforceable disclosure are: all indemnities given, even if on an informal non-contractually-binding basis, by a merchant bank or other adviser ("the Seelig clause"); any share purchases or sales by other companies with a commercial interest in the outcome ("the Riklis clause"), including underwriters of the bidder's share offer; and the early disclosure by a potential bidder of its interest in a target company.

The most difficult area to tackle is that of nominee accounts which are used to disguise the true, beneficial ownership of shares.

At present, companies have the power to freeze the shares held in nominee accounts which do not disclose their true owners (although this can take too long to be of use in the closing days of a bid). But in cases where the nominees are buying shares in support of the company, to help boost its share price or help block a bid, the people who need to know are not the company but its opponents in the bid and the regulators.

At present, if a stockbroking firm says that it cannot identify the beneficial owner behind a nominee account which used it to buy a tranche of shares, that is probably the end of the matter.

Strong grounds therefore exist for giving the Takeover Panel the power to act swiftly to freeze the shareholdings of any nominee accounts which have failed to disclose their beneficial ownership. This could make a covert share ramping operation very expensive as the owners of nominee accounts would be unable to sell their shares and recover their investment.

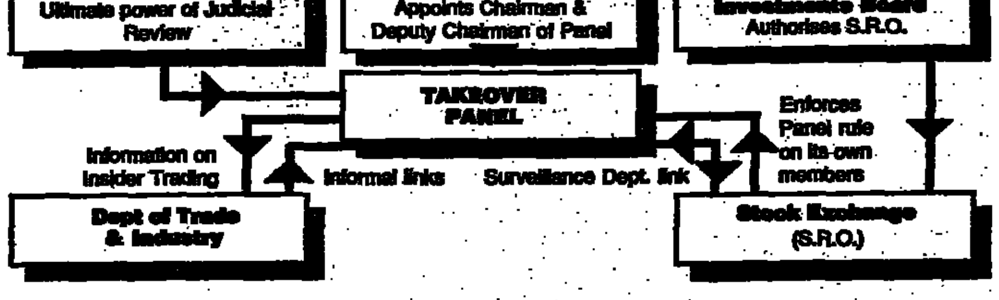
Is the Takeover Panel capable of acting swiftly and aggressively so that it is able to crack down on abuses in the hurly burly of a takeover battle before it is too late?

Until now, its approach has been that it has to accept what it is told by stockbroking firms and merchant banks but it is increasingly likely that it will be given some form of statutory authority, probably not directly under the Department of Trade and Industry—the Bank of England is opposed—but through some less direct mechanism.

The traditional justification for a non-statutory Panel was that by securing the loyalty of City institutions, it could ensure that they abided by the spirit and not just the letter of its rules—and that, where necessary, those rules could be changed swiftly without the need for parliamentary scrutiny but the emergence of a highly legalistic and combative approach in takeover battles has weakened that justification and there are several ways in which a statutory panel could be given some rule-writing flexibility.

The other way in which the Panel could be made a more effective investigation and enforcement agency is by removing the obstacles which prevent a rapid flow of information to the Panel from the Stock Exchange, the self-regulating organisations, the Bank of England, the Department of Trade and Industry and through it, from regulatory bodies overseas. This could allow the Panel to benefit from the tough powers granted exclusively to DTI inspectors (and occasionally to the Bank of England) to compel people to answer questions and produce documents.

The present combination is unsatisfactory. The DTI has gamekeepers with plenty of power but little knowledge of the game let alone the poachers, while the Panel executives usually have a shrewd idea what is going on but lack both distance from the practitioners and the authority to confirm their hunches.



Men and Matters

Chicago manhunt

There will be no prizes for guessing the principal talking point at Continental Illinois Corporation's annual meeting in Chicago today.

Last week's brusque announcement to the effect that the US's 14th largest bank holding company is to look for a new chairman to succeed retiring incumbent, John Swearingen, rather than promote William Ogden, head of its main bank subsidiary, surprised observers and shareholders who generally regarded Ogden as the heir apparent.

Both men were installed by federal regulators in August 1984 as part of a $4.5bn government bail-out which rescued Continental from a swathe of bad oil loans after the collapse of Oklahoma's Penn Square Bank, and which has left the Federal Deposit Insurance Corporation as the proud owner of some two-thirds of the bank's stock.

The duo has presided over a gradual convalescence at the bank which can still boast over $32bn in assets. In 1986, Continental earned $165.2m, and analysts have noted improvement in terms of capitalisation, funding strength and credit quality.

But there have long been rumours of friction between the gruff, autocratic Swearingen, who became a household name in Midwest business circles during his 23 years as chief executive of Standard Oil of Indiana (now Amoco), and his equally strong-willed second-in-command, a career banker with 31 years' experience at Chase Manhattan.

The choice of Swearingen's replacement will be crucial for Continental, which now needs to formulate a strategy for growth after three years of ticking over in survival mode.

Swearingen, who originally said that he would stay only three years, is to remain in charge until a replacement is selected. Ogden has also agreed to continue in his current role "for the present."

"They do say a lot of muck spreading usually means a June election"

Craven's capture

If John Craven seemed an unlikely candidate for the top job at Morgan Grenfell, given that he was happily running his own highly successful little company, Phoenix Securities, the credit for prising him away goes to Norman Broadbent, the St James-based headhunters.

Despite its plausible sounding name, Norman Broadbent is actually two people, David Norman and Miles Broadbent, who founded the firm five years ago. They got the Morgan Grenfell assignment through Norman's connection with Sir Peter Carey, the former head of the DTI, who has been acting as temporary chief executive at Morgan.

Back in 1980, Carey asked Norman to find a new chairman for the British Steel Corporation—which he did in the shape of Ian MacGregor. So it was perhaps natural that he should turn to Norman again to fill the top slot at Morgan.

Norman knew Craven from a previous professional association and thought him a good choice. He won't tell me exactly how he managed to persuade Craven to consider the job, citing professional ethics. But he said: "Headhunting is a mergers and acquisition business, but involving professional managers instead of companies.

In this case, it actually involved Morgan buying Craven's business lock stock and barrel—a deal that was handled by Morgan's corporate finance department. That must make it one of the City's strangest recruitments. But Sir Peter is delighted. "Craven was always top of our list," he said.

Sea call

The Royal National Lifeboat Institution (RNLI), which maintains the lifeboat services around the British Isles by voluntary contributions without a penny of government money, is reluctantly abandoning one of its oldest traditions—a big bang at every launch.

For more than a hundred years lifeboatmen—volunteers all—have been summoned to launch by the firing of a "maroon." It is a sort of super rocket which shoots high over the harbour with a bang and a flash.

But the impromptu fireworks display, although spectacular, has become expensive. The biggest maroons cost up to £50 each. Furthermore, they can cause problems. The RNLI once had to sift a field of corn to find an unexploded canister before the farmer dared harvest. Another went off course and shot through a bedroom window of a seafront hotel. Then there was a yachtsman, awakened in the night by the nearby explosion, who sat bolt upright in his bunk, only to knock himself unconscious on the deck head.

British Telecom has come to the rescue by setting up a Rescuepage system to call out the crews electronically. It will be grafted on to the BT Radiopage system.

The RNLI reckons the £40,000 a year it will save on maroons will go a long way towards paying for the new system—and that valuable minutes will be shaved from lifeboats' launching times.

But here and there around the coasts hand-held maroons (at £20 a time) may still be fired occasionally to accompany a launch. It seems that people like to hear the bang.

Thin market

There are likely to be a few tremors in the City of London because of the vanishing waistline of banker Nicholas Sibley, the once rotund head of international equity activities at Barclays de Zoete Wedd.

Numerous punters bet that Sibley would fail in his efforts to lose 60 pounds in three months. However, the jovial banker has just succeeded in his ambitious target to bring his weight down to 200 pounds.

Sibley broke into his holidays to turn up with witnesses at the Anglo - American Hospital, Cannes, to be officially weighed in wearing blue boxer shorts. The scales showed 198.4 pounds.

Having secured a certificate from the hospital he then relaxed on a guzzle of chocolate Easter eggs and champagne.

Sponsors of his slimming campaign will have to cough up the sums they promised for charity. It is rumoured in the City that some punters may be embarrassed to meet their obligations, as they never thought he would succeed.

Idle thought

A previous employer, asked to supply a reference supplied this gem. "Dear Sir, Any employer who gets Ann to work for him will be very lucky. Yours . . ."

Observer

Economic Viewpoint: Samuel Brittan

A little joy from the Brussels Commission

THERE IS more joy in heaven at one sinner who repenteth his sins than at a hundred honest men.

That was my reaction to the Strategy Report by a group of wise men on the functioning of the European Community. The report, entitled Efficiency, Stability and Equality, comes from six independent experts, chaired by T. Padoa-Schioppa, deputy director general of the Bank of Italy, with Michael Emerson, a senior Commission economist, as rapporteur.

A seventh, French expert declined to sign. It was asked to review strategy for future integration in the light of the "decision" to complete the freeing of the Community's internal market by 1992 and the third enlargement last year, which brought in Portugal and Spain.

What is remarkable about the Strategy Report is that, although it is not short of ideas for increasing the scope of the Brussels institutions, it does not *always go in this direction. Its* guiding principle is that decisions should be taken at the lowest feasible level rather than the highest.

Indeed, it goes so far as to suggest that if an enlarged European Monetary System (EMS) were to pursue a common monetary policy, individual governments could be left in peace to evolve their fiscal policies, with the international capital markets enforcing financial prudence. The need for unified value-added tax rates and taxation by origin, which have been espoused by the Commission, is queried; and we are reminded that sales taxes in different US states range from 0 to 7½ per cent, without creating serious distortions in inter-state trade. It is also quite dismissive of pressure to harmonise social security *systems.*

The report even accepts the legitimacy of national income maintenance for farmers to replace some of the present price support, so inefficiently and expensively provided by the Common Agricultural Policy. Nevertheless, the wise men dutifully express horror that the CAP be wound up, or allowed to collapse, and agricultural policy returned to member states.

There is enough committee prose to allow varying interpretations at key points. But there are four main messages I derived from the report:

- The need to raise Community growth rates from the prevailing 2½ per cent per annum to some 4 per cent for a few years. This represents an extra 1 per cent to absorb unemployment and an extra ½ per cent to take advantage *of increased efficiency made* possible by the removal of internal barriers.
- The impossibility of independent monetary policies, once the obligation to avoid parity changes under the EMS is combined with freedom of capital movements.
- A cash limit scheme under which EEC expenditure on non-agricultural sectors is limited, Ecu for Ecu, to the room created by successful constraints on agricultural spending.
- An automatic key to budgetary rebates or extra contributions replacing ad hoc bargains, such as the one Britain now enjoys, with a formula depending on (a) each country's net budgetary balance with the Community, and (b) a progressive element relating to its relative gross domestic product per head.

On balance the wise men are probably right to say that overall demand management risks being too restrictive and that some acceleration in growth should be risked to absorb the unemployment. This *is more constructive than the* hand-wringing of the International Monetary Fund's World Economic Outlook, which spouts much Keynesian pessimism on the risks of world recession but pours ultra-orthodox cold water on the possibilities of fiscal or monetary relaxation.

Nowadays nearly all international macro-economic suggestions boil down to pressing the Germans and Japanese to stimulate their economies. That does not make the advice wrong. We have to weigh up (a) inflationary risks of extra stimulation in, say, Germany, *against the potential benefits* of such stimulation to real output, and (b) the contractionary risks of not doing anything against the counter-inflationary benefits, if any, of inaction.

Such a risk analysis should come out in favour of stimulation, but stimulation calibrated in terms of nominal rather than real demand and GDP. The nominal formulation provides a safety catch against inflationary risks. Some at least of the wise men did think in these terms; and it is a pity that fear of riding a hobby horse prevented them from being more specific.

Similar considerations are raised by the report's insistence, that once the EMS comes of age, it can no longer just be a D-Mark zone, but will need a Community-wide monetary policy. Suggestions for giving a greater role to the Ecu will not, however, take us very far so long as the Ecu is simply a basket of national currencies and is neither directly convertible into a group of commodities nor fixed in value in relation to such a group.

Analyses of policy co-ordination within the EMS and of target exchange rate zones among the Group of Five are almost identical, sometimes using the same words and citing the same academic literature. Up to now, Germany has effectively been the European voice at the wider international meetings; and it might be more effective to allow Germany to continue in this role than to substitute more cumbersome and indecisive EEC committees. A chance to explain to Hans Tietmayer, State Secretary of the German Finance Ministry, that Nominal GDP objectives are neither meaningless nor inflationary (with the door locked until he has taken the point) would be worth all the co-ordinating machinery that Brussels could invent.

Efficiency, Stability and Equality: Commission of the European Communities, Brussels.

COMMUNITY LEAGUE TABLES

	GDP per capita†	GDP % share*
Luxembourg	129.3	0.2
Denmark	123.9	2.4
Germany	121.6	26.3
France	114.0	20.9
Belgium	109.8	3.3
Netherlands	106.1	5.0
UK	102.0	17.0
Italy	91.7	15.1
Spain	75.0	7.0
Ireland	70.7	0.8
Greece	57.1	1.1
Portugal	46.2	0.9
EC=12	100	100

† At Purchasing Power Parity exchange rates. * At market exchange rates.
Source: EEC Commission

Foreign Affairs: Ian Davidson

Europe must stand up for itself

FOR WELL over 30 years, enthusiasts have been arguing the case for closer defence co-operation in Europe. Most of that time, their enthusiasm fell on deaf ears: the French gloried in the naked posturings of Gaullism, the rest shirked any risk of challenging the American protectorate.

It seems more than likely, if paradoxical, however, that the recent revival of official interest in the idea will be given extra impetus by the prospect of a successful arms control negotiation between the superpowers.

The Euromissile agreement which is now brewing in the Geneva talks between the superpowers, and whose conclusion seems virtually inevitable before the end of the year, will obviously be a milestone in East-West relations. What makes it so extraordinarily interesting, is that western governments, and especially the governments of western Europe, are manifestly unable to make up their minds whether they should welcome it or fear it.

The deal will be *unique* in at least three important respects. It will be the first arms control agreement of the Reagan presidency; it will almost certainly be the last as well, because there will be too *little time to* resolve the outstanding disagreements over strategic weaponry and Star Wars. In contrast with previous US-Soviet agreements which merely froze their nuclear arsenals, this one will be the first arms control agreement *in* post-war history which will actually reduce nuclear inventories by eliminating whole classes of weapons. And in contrast with the two Strategic Arms Limitation Treaties, which dealt with long-range missiles and bombers, this will be the first arms control agreement covering nuclear weapons in Europe.

On political grounds, the prospective deal is virtually unavoidable, because the zero-zero option for the removal from Europe of all Soviet SS 20s, and all US cruise and Pershing II missiles, is practically identical with the proposal put forward by the US seven years ago; the difference is that then the Soviet Union under Brezhnev indignantly rejected *any such deal, whereas now the* Soviet Union under Gorbachev is actively pushing it.

On reflection, western governments no longer find the plan as attractive as they pretended in 1981. The elimination of the longer-range Euromissiles (range 1,000-5,000 km) only serves to emphasise the Soviet superiority in shorter-range nuclear missiles and in conventional forces. But when the West complains to the Russians *about the problem of their* shorter-range missiles, Mr Gorbachev offers to eliminate another whole category of weapons as well (range 500-1,000 km), which would give even greater saliency to the Soviet superiority in conventional forces.

In theory, one way to solve the problem might be to get rid of all the longer-range Euromissiles on both sides, but to build up the western arsenal of shorter-range missiles (from zero) to match the Soviet levels. But after all the political traumas endured with the deployment of the cruise and Pershing IIs, it is virtually inconceivable that Europe would voluntarily undergo a re-run of that bruising contro*versy, for the sake of a slightly different* class of missiles.

Another theoretical option would be to make a Euromissile agreement conditional on the elimination of Soviet superiority in conventional forces. From the West's point of view, this would be the most attractive course, because it would automatically relieve Nato of the need to rely on the first use of nuclear weapons as a compensation for Soviet conventional superiority. Such a move would have the double advantage of easing the anxieties of military men, who are not at all sure that nuclear weapons can be used to advantage in battle, and of closing the gap with the anti-nuclear protestors.

Ostensibly, this is not an absurd ambition. The Russians profess to be ready to negotiate conventional troop cuts from the Atlantic to the Urals, and are making reasonable-sounding noises about the agenda for *such a negotiation. There are* just two difficulties; they have not yet conceded that they enjoy *any* conventional superiority over the West; and until there is a new dispensation which can sustain political legitimacy in Eastern Europe without the threat of force, some of the Soviet superiority will probably be required to maintain Soviet hegemony over the East European empire.

As ever, the problem is essentially political; it is not mainly a problem of hardware.

No, the real questions facing Europe have to do with the fundamental political orientations of the two superpowers; if there are answers to these questions, they must, in the first *instance, be political.*

Take, for example, the new foreign policy posture of the Soviet Union. The Gorbachev rhetoric may be consistent with a genuinely non-aggressive attitude towards the West, a renunciation of any risk of nuclear conflict, and a desire for all kinds of co-operation; but it may also be consistent with an attempt to disarm Europe, divide it from the US, and dominate it without danger of war.

This ambiguity would be less worrying if Europe were more confident of American leadership; we could then hedge to meet both interpretations, relying on our Atlantic Alliance. The trouble is that confidence has been seriously shaken during the Reagan presidency, and no one yet knows whether it can or will be rebuilt.

George Shultz (left) with Eduard Shevardnadze in Moscow earlier this month

European governments heaved a *sigh of relief* when they learned that the sensational proposals of the superpowers at Reykjavik had been frustrated by Star Wars. Now, however, they find that the part of the Reykjavik package which would affect them most directly is to be implemented after all, in conditions which give them no satisfactory option but to say Yes. One interpreta*tion is that Mikhail Gorbachev* is proving highly successful at taking advantage of President Reagan's ineptitude and *his* need for an arms control deal, any arms control deal, and that in this game between the superpowers, Western Europe is little more than a residual quantity.

The Europeans can no longer rely passively either on the *hostility of the Russians or on* the solicitous support of the Americans. In a world of change, Europe cannot avoid becoming more active in its own interests, in defence, in arms control and in foreign policy. If there is a lesson in the Euromissile deal now brewing, it is that it should be the last of its kind.

Letters to the Editor

Collar ratios unravelled

From Mr B. Hilton.

Sir,—A. T. Kearney's comparisons of high UK white collar to blue collar ratios compared with the US (April 21) are unarguable. Comparisons with Japan, Germany and France would undoubtedly point in the same direction.

But the conclusion is flawed. The British problem is not an excess of overheads, but *shrinkage of the production* base on which on-costs are carried. Low volume of production means higher direct costs, lower gross margins and hence lower cash generation to support marketing, design and development, training and corporate *planning—activities essential* for survival.

Many manufacturing companies are now dangerously weak in these areas because of past cuts. Further application of the surgeon's knife will cause them to bleed to death.

Improved competitiveness now must lie largely in the economics of scale. Higher levels of output and sale, stimulating higher investment in training, development and marketing must in the long run be the better way to reduce unit costs—even if this means the acceptance of mergers!

Wisely, the CBI seem to agree.

Bernard Hilton,
Principal, Bernard Hilton Associates,
24 The Glen, Sheffield.

Trade conflict with Japan

From Mr J. Moorhouse, MEP

Sir, — The answer to Mr von Schmidt's question (April 23) about the scale of the Japan-EEC trade imbalance (figures for which Mr Kuroda failed to detail in his article of April 15) is simply provided. In 1970 Japan enjoyed a trade surplus with the EEC 12 of $659m. This had risen to $8.3bn by 1979, $13.1bn by 1983 and $18.2bn by 1986. Corresponding figures for the Japan-US surplus were $1.2bn, $8.8bn, $19.3bn and $51.5bn.

In 1986 Japan's overall balance of payments surplus — which reached $86bn on a current account basis and $93bn on a trade basis — was the largest ever recorded. Since 1980 Japan's total exports have almost doubled and its current account surplus has increased more than 18-fold in dollar terms. In 1986 Japan had a surplus on manufactured trade of no less than $166bn, larger than the GNPs of all but 10 countries in the world.

Mr Kuroda and his government claim that Japan's imports of European goods are increasing faster than European imports from Japan. If true, thank goodness for that. But the trade surplus is not falling, indeed last year it grew by 25 per cent. Does Mr Kuroda know that, for example, even if Europe's exports to Japan increased by 10 per cent per annum and Japanese exports to Europe remained constant, it would take almost 20 years for the trade balance between the two partners to enter equilibrium?

Europe risks suffering badly from export "deflection," underpinned by dumping and other dubious pricing tech*niques, as Japanese manufac*turers find the US a less attractive market, both because of the fall in the dollar and the possibility of major import restraint. It is not enough for Europe to stand idly by in a way Mr Kuroda would like and, sometimes, your own leader-writer comes perilously close to suggesting.

James Moorhouse, MEP.
14 Buckingham Palace Rd, SW1

A policy for boat-people

From Sir Philip Goodhart, MP

Sir,—Having visited some of the 8,000 Vietnamese refugees in Hong Kong, many of whom live in closed camps, I agree with your judgment (leading article April 21) that it is not acceptable "to keep refugees cooped up in detention camps for periods which grow longer as the free world's doors . . . slam shut." We ought not to treat these poor frightened people as criminals.

I also agree that these refugees cannot be sent back to Vietnam. I disagree, however, with your suggestion that the British Government could solve this problem by accepting more than 2,000 of these Vietnamese *boat-people for settlement and* also by trying to persuade our partners in Western Europe, America and Australia, to provide homes for the other 6,000.

If these boat-people move on to homes in the West, there can be no doubt that thousands more refugees will soon travel to Hong Kong from Vietnam to take their place. In 1979, Vietnamese refugees were arriving in Hong Kong at a rate of 10,000 a month and the report about further economic problems (FT April 22), Vietnam to axe 1m jobs in austerity drive, should remind us that a new wave of boat-people may soon try to escape from one of the poorest countries in the world.

What the British Government ought to be doing is trying to find a haven for the boat-people in South-east Asia itself. There are unsettled areas in the Philippines and Indonesia where the boat-people could make a fresh start with financial help from the West.

Of course no country wants to take penniless refugees, but many of the countries which still have empty space badly *need financial support, with the* rescheduling of their debts. We should give generous aid to those countries that are prepared to offer a haven to people who are forced by political or economic pressure to leave their homes.

Sir Philip Goodhart.
House of Commons, SW1.

Registering a point

From A. P. Dagburn

Sir,—Christopher Dunkley's article, Commercials good, bad and infuriating (April 22), was both funny and clever, but dogged none the less by the odd idiosyncratic inaccuracy. As an eager follower of privatisations, the one closest to this reader's heart was the reference to the commercial for the British Airways Authority — a curious hybrid of British Airways and British Airports Authority (which Mr Dunkley will probably be relieved to *hear has now been* rechristened BAA plc).

It will come as cold comfort to the advertising agency which produced the commercial that, though the advertisement itself escapes criticism, and indeed is mentioned in a fairly favourable tone, *its essential* point has failed to register on at least one potential shareholder, and an opinion-former to boot.

A. P. Dagburn,
24 Natal Rd, SW12

Job creation American-style

From Mr P. Oppenheim

Sir,—Professor Layard (April 18) is in danger of letting his politics obscure his academic objectivity.

If the proportion of the workforce in employment has remained steady at a time when the number of people of working age has grown by more than 1m in the past 10 years, *surely this* means that substantial numbers of jobs are being created.

The reduction in unemployment in the US over the past four years, cited by Professor Layard as a triumph of fiscal and monetary relaxation, has at least as much to do with its relatively deregulated economy, lower taxation and the mobility and flexibility of its workforce, which has accepted a cut in real wages over the past few years.

The much vaunted fiscal and monetary relaxation does not seem to have done them much good anyway, judging by their current problems. Is Professor Layard advocating lower taxes, lower real wages and a huge *balance of payments* deficit, American-style?

Phillip Oppenheim,
House of Commons, SW1

Privatisation of water

From the General Secretary of Nalgo

Sir,—In his attempt to stop the Government getting back on the hook from which it wriggled free last July, when the Environment Secretary Mr *Nicholas Ridley shelved plans* to legislate for the sale of the 10 water authorities in England and Wales, David Kinnersley (April 13) has begged the crucial question: Why privatise water at all?

It seems that the Government is determined to revive the proposals set out in the White Paper "Privatisation of the water authorities in England and Wales" (February 1986), of which David Kinnersley was among the earliest and most damning critics. Now, presumably concerned to limit the damage done by the Government's dogmatic insistence on privatising everything, he offers a rather tortuous alternative.

His article does not even attempt to make a case for privatisation in water; nor does it justify his proposal to strip the water authorities of all but some of their regulatory responsibilities, with private companies and agencies actually providing the service.

We do not believe that the *major changes that he proposes* can be justified simply by suggesting that the Government proposals are even worse. In any case, arguably, what David Kinnersley is suggesting would have an even more damaging impact than the Government's *existing plans. It would lead* to a plethora of water undertakings—precisely the problem solved by the establishment of the 10 water authorities in 1974. Furthermore, stripping the water authorities of their service delivery role and making them nothing more than enabling bodies would not adequately preserve the principle of river basin management. To do that requires not only public authorities based on the river basins, but also that they retain the right to manage.

Thirdly, the use of contractors rather than direct labour in other public services has produced a catalogue of disasters which prove the point that you cannot put both public service and private profit first.

John Daly
National and Local Government Officers Association,
1, Mabledon Place, WC1.

FINANCIAL TIMES

Monday April 27 1987

David Owen in Chicago

There is life after dark

A MONTH ago, the portents for the launch of the *Chicago Board of* Trade's (CBOT) groundbreaking evening trading session on April 30 could hardly have been bleaker.

Cash bond market activity was at its lowest level in a decade; giving investors and dealers little reason to hedge in the CBOT's flagship Treasury bond futures and options pits. On several March days, T-bond futures volume at the world's largest futures exchange, slumped to about 80,000 lots from a norm of more than 200,000.

The initial April 2 target launch date had just been postponed and some despondent floor traders were predicting a further delay until June.

The Japanese Ministry of Finance (MoF) was still pondering whether to allow its domestic *financial institutions to participate* directly in overseas financial futures transactions after seemingly interminable deliberation.

Today, prospects could hardly be brighter.

Renewed economic uncertainty, fears of inflation and the dollar's recent volatility have combined to galvanise the bond market into action. Since early April, the CBOT has experienced the four highest volume days in its 139-year history. On *April 9, T-bond futures volume hit a* staggering 491,220 contracts.

Last week, the MoF announced that Japanese institutions would be able to trade for their own account on overseas futures exchanges after May.

To cap it all, last Thursday, a CBOT membership sold for $470,000 – up from $215,000 just 16 months ago.

All in all, if the 6 to 9pm Monday-Thursday session does fail to catch *on*, the exchange will not be able to blame "unfavourable market conditions" – the traditional scapegoat.

Few now believe that it will flop. The Tokyo-based US bond market with which the session is timed to coincide is enormous. Japanese firms buy up to 30 per cent of some issues. And evening trading has the support of both the biggest brokers ("We are enthusiastic," says Refco's Mr Tone Grant) and many of the most prominent floor traders ("I'd rather *trade* than watch TV," *says* Mr Tom Baldwin). Moreover, many agricultural commodities traders, like wheat broker Mr Bob Bevis, are planning to try bond and note futures in the evenings.

The exchange also is doing its bit by allowing those with limited membership rights to buy $2,000 annual permits to trade the new session and offering to take care of data entry until volume reaches levels where firms can afford to do their *own*, according *to* Clearing Corporation president, Mr Roger Rutz.

But the history of the futures industry is littered with failed "surefire" successes. Ask anyone involved in the launch of over-the-counter stock index futures in 1985. Accordingly, the phrase on the lips of the "windy city's" canniest futures punters is "wait and see."

Consequently, the innovation will result in few new jobs at Jackson and Lasalle – at least at first. Just longer hours. "We have asked who would be interested in extra work," says Mr Jack Kinsella of the CBOT, which plans to use the evening session to try out a continuous clearing system. "We are not really recruiting," echoes Refco's Mr Grant. "They (the staff) might have to put in an extra hour or two," he adds *chuckling*.

Certainly, at 6pm next Thursday, the CBOT's financial futures trading room will be packed – more packed probably than it is on an average day. The key will be whether or not it remains so. If it does in evenings to come, the futures sector will not be the only Chicago business to benefit.

Some traders who inhabit the leafy northern townships of Wilmette and Kenilworth (which recently overtook *Bloomfield Hills, Michigan* as the US's wealthiest suburb) are renting downtown apartments in which to while away the interval between *morning* and evening sessions.

Others are planning to spend the three to four-hour entr'acte in local *leisure* centres. "I think *evening* trading will increase our business at that time of day," says Ms Betty Sacks, director of services at the $900-a-year East Bank Club many of whose 8,000 members are traders. "My boss has even been talking about a shuttle service," she adds.

Surprisingly, staff at The Sign of the Trader, reputedly the highest turnover bar in Chicago, on the CBOT's ground floor, have yet to be *advised whether the institution will* open beyond its traditional 11.30am–8.30pm stint. The CBOT's Mr Kinsella believes he knows the *answer*. "If there are 2,000 people here you bet they will open," he says. "If not, I might consider buying a lease to operate it."

POST OFFICE, ELECTRICITY CHIEFS ENTER PRIVATISATION DEBATE

UK state monopolies defend status

BY DAVID THOMAS AND MAURICE SAMUELSON IN LONDON

THE chairmen of the British Electricity Council and the Post Office have intervened in the debate about the privatisation of their industries by making powerful pleas that their industries should not be split up.

Their statements are a clear attempt to influence the climate of opinion before the UK general election.

The electricity supply industry and the Post Office, which may feature in the ruling Conservative Party manifesto, are widely expected to be candidates for privatisation if the Conservatives are returned for a third term.

The interventions by Sir Philip Jones, Electricity Council chairman, and Sir Ron Dearing, Post Office chairman, are particularly significant because both have been reluctant to be drawn into the privatisation debate.

Moreover, as former senior civil servants, they both have close contacts with the trend of thinking in their sponsoring departments.

Sir Philip and Sir Ron both refrained from *commenting* on whether the industries should be sold, which they considered to be a political matter.

However, they criticised the methods which have been widely canvassed for privatising the industries and the arguments used to justify their privatisation.

Sir Philip, writing in today's issue of Circuit News, the electricity supply industry's house journal, rejects a recent proposal for splitting up the Central Electricity Generating Board into a number of competing private power companies.

He emphasises the industry's achievements as a single, integrated supplier of power, implying that if the industry is sold, it should be sold intact, as in the case of British Gas.

He dismisses the argument, widely used to justify privatisation, that the British industry is less efficient than its overseas counterparts and is insufficiently responsive to its customers.

His message to the industry's 131,000 employees is accompanied by figures purporting to show that domestic and industrial electricity tariffs in England and Wales are lower than in France, West Germany, *Italy, Japan and parts of the* US.

Sir Ron, speaking yesterday to a symposium on direct marketing in Montreux, *Switzerland*, argued against removing the letters monopoly, a proposal made by supporters of the Post Office's privatisation.

"There is no doubt that by creaming off the easy-to-handle traffic, entrepreneurs could make money by offering lower prices in urban areas for local delivery."

He warned that this would be achieved at the cost of abandoning price simplicity and stability in the postal service, because a *national* postal service at one price would become uneconomic and prices in rural areas would rise.

Rolls-Royce price tag to exceed £1bn

BY RICHARD TOMKINS IN LONDON

THE FLOTATION of Rolls-Royce, the British state-owned aero engine maker, is likely to value the company at between £1.3bn ($2.1bn) and £1.43bn when it is sold to the private sector next month.

Advisers to the UK Government will aim to price the company's shares at between 160p and 180p when they meet to finalise details of the offer this afternoon.

The lower figure would value the company at just under £1.3bn and the higher one at £1.43bn. The exact price will depend on the mood of the London and New York stock markets today.

The price range is higher than some analysts predicted, but Samuel Montagu, the merchant bank sponsoring the *flotation*, is confident that it is justified by comparison with British Aerospace, the nearest comparable quoted company to Rolls-Royce.

BAe's share closed at 632p on Friday, a figure representing 13.3 times its earnings per share in its last financial year. If Rolls-Royce were priced at 180p, this would represent a multiple of 13.5 times its earnings per share on a fully-taxed basis. A figure of 180p would repre*sent an historic price/earnings mul*tiple of 14.8.

Both figures are higher than the p/e multiple offered by BAe, but Rolls-Royce has £800m worth of tax losses to carry forward and will pay no mainstream UK corporation tax for some years. On an actual tax basis, its historic p/e multiple would fall to 9.8 at 160p and 10.8 at 180p.

Some analysts consider that the need to provide an attractive yield will put downward pressure on Rolls-Royce's share price. Samuel Montagu says Rolls-Royce will be priced on its profitability more than its dividend yield; but even so the price will offer a yield at least as *good as BAe's*.

The share price will be announced officially on Tuesday and the prospectus will be published on Thursday. Dealings will begin on *May 19*.

The emphasis of the Rolls-Royce marketing campaign has been put on institutional investors rather than on the public, but even so, more than 500,000 private individuals have registered their interest in the flotation – about the same level of interest as that in British Airways at the same stage of flotation.

The British Airways offer in January, was more heavily advertised and offered perks for small inves*tors, so the Government is encou*raged by the public's response so far.

Eurobond dealers critical of EEC investor protection plan

BY CLARE PEARSON IN LONDON

EUROBOND issuing houses have reacted angrily to a draft directive drawn up by a European Communi*ty working party which, they say,* would severely hamper their ability to arrange issues of securities on the international capital markets.

The directive, due to go before permanent EEC representatives next month and to be submitted to the Council of Ministers in June, would substantially tighten requirements *for publishing* prospectuses covering offerings of tradeable securities, including bonds and shares, in member countries.

The International Primary Market Association (IPMA), which groups more than 50 banks and securities firms which regularly arrange Eurobond issues, said at the weekend that the directive would establish a process "far more complicated and time-consuming" than a filing with the US Securities and *Exchange Commission, which over*sees US securities markets.

"The directive contains an element of investor protection, but it would also cause severe practical difficulties," the association said.

The creation of cumbersome registration procedures would be a setback for the Euromarkets, which already face regulation for the first time because of Britain's Financial Services Act.

One of the reasons for the Eurobond market's rapid growth – new issues rose 36 per cent last year to $183bn and international equity issues have also been growing fast – has been its freedom from regulation. This enables securities to be issued rapidly when borrowers and underwriting houses sense opportunities in the markets.

The EEC directive would require a draft prospectus to be lodged in advance with a "competent" authority of one member state, and then *sent to each other member state in* which the offer was being made – possibly after having been translated for the purpose.

Although the content of a pros*pectus would not be substantially* changed under the draft rule, Eurobond houses say the proposed procedure would be unworkable because borrowing opportunities depend on the opening of brief issuing "window." Bond issues also often involve currency or interest rate swaps which need to be carefully synchronised.

At present, Eurobond prospectuses must conform with the requirements of the country in which the securities are being listed, usually Luxembourg or Britain, and preparation of a prospectus often begins only at the time that an issue is *launched*.

Bankers also point out that because Eurobonds are issued offshore and in bearer form, it is difficult to determine in exactly what country they might be offered.

Icelandic coalition to quit after poll defeat

By Kevin Done in Reykjavik

THE ICELANDIC Government will resign tomorrow, following the weekend's general election, in which the ruling centre-right coalition suffered a heavy defeat.

The election was a triumph for Iceland's Women's Alliance, the only women's movement anywhere in the world which has succeeded in placing elected representatives into parliament, which doubled its share of the vote.

The conservative Independence Party, Iceland's biggest political party, which has ruled for the last *four years in a coalition with the* centrist Progressive Party, led by Prime Minister Steingrimur Hermannsson, suffered the biggest setback with its worst result since the party was formed in 1929.

The Independence Party became badly split only a month ago, when one of its leading members, Mr Albert Gudmundsson, former Industry and Finance Minister, who is under investigation for tax irregularities, was forced to resign from *the Government*.

With a strong personal following, he broke away to form his own Citizens Party, which succeeded at the weekend in winning more than 10 per cent of the vote.

The Women's Alliance captured 10.1 per cent of the votes, compared with 5.5 per cent at the last election in 1983, when it made its initial parliamentary breakthrough.

It won six seats in the 63-member Althing, the world's oldest parlia*ment, compared with three seats* four years ago, and women overall gained 13 seats, compared with eight in 1983.

Despite the setbacks for Iceland's traditional parties, the Progressive Party maintained its 19 per cent share of the vote, after becoming the first Icelandic political party to *make heavy* use in an election campaign of television advertising, which capitalised on the Prime Minister's recent visits to China and the Soviet Union, as well as the holding of the Reagan–Gorbachev summit in the Icelandic capital last October.

The left-wing parties failed to gain from the disarray of the ruling coalition, and the People's Alliance, which includes the former Communist Party and is traditionally opposed to Iceland's US-manned Keflavik Nato base also suffered a heavy defeat.

Previously the biggest opposition party, its share of the vote fell to 13.3 per cent from 17.3 per cent in 1983, with much of its earlier support going to the Women's Alliance.

The success of the women's movement and the breakaway Citizens Party has robbed the two ruling coalition parties of their overall majority, and Iceland appears to face several weeks or months of political wrangling until a new coalition can emerge. A new election in the autumn appears to be a distinct possibility.

The present government will continue as a caretaker administration,

Nakasone's US visit

Continued from Page 1

missiles pointed towards the Pacific, Japan would like the US to insist that Soviet intermediate range missiles be eliminated from both Europe and Asia.

On economic issues, the Japanese are most unhappy about the latest slump of the dollar against the yen, which they attribute in large part to poor economic management by the US Government. They will again urge that the US take steps to reduce its massive trade and budget deficits and to make its industries more competitive.

During Mr Nakasone's previous five working visits to Washington, a strong personal tie has developed between him and Mr Reagan, but it seems unlikely that the so-called Ron-Yasu factor will make things any easier this time.

Baker cancels trip

Continued from Page 1

his opposition to the amendment, making public his differences not only with Mr Gephardt, but also with Mr Jim Wright, the House Speaker, who has been backing the Gephardt proposal.

The Congressional debate on *trade will provide a controversial* background to Mr Nakasone's first official state visit to Washington. Administration officials hope that Mr Nakasone will be able to convince the many critics in the US of Japan's trade policies, that his country is indeed meeting US demands to open its markets, to stim*ulate its economy and to play a big*ger role in world economic policy-making.

But there is deep scepticism on Capitol Hill about whether a weakened Mr Nakasone can achieve this.

Thatcher – Chirac talks

Continued from Page 1

The Luxembourg meeting of foreign ministers, underlines the difficulty in getting a clear and common European position on East-West re*lations, by taking place in two sepa*rate organisations meeting at opposite ends of the same building complex.

First, the 12 members of the European Community Council of Ministers meet, and then just seven of them will gather on Tuesday as the Council of Ministers of the WEU to discuss security issues.

The 12 began their monthly meeting yesterday *with a discussion of* the sweeping proposals by the European Commission to reform Community finances – and will follow up today with a range of issues directly relevant to East-West relations.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	17	63	Malta	S	20	68	Rhodes	S	18	64
Algiers	S	24	75	Edinburgh	S	18	64	Manchester	S	19	66	Rio de J'o	C	29	84
Amsterdam	S	17	63	Faro	S	21	70	Manila	S	36	97	Rome	S	19	66
Athens	S	18	64	Florence	S	21	70	Melbourne	S	27	81	Salzburg	R	12	54
Bahrain	S	36	97	Frankfurt	F	17	63	Mexico City	C	25	77	San Francisco	S	18	58
Bangkok	S	35	95	Funchal	F	18	64	Miami	C	30	86	Seoul	S	17	63
Barcelona	S	18	64	Geneva	S	17	63	Milan	S	21	70	Singapore	F	32	90
Beirut	C	20	68	Gibraltar	S	20	68	Montreal	C	15	59	Stockholm	S	7	45
Belfast	S	18	64	Glasgow	S	19	66	Moscow	-	—	—	Strasbourg	C	15	59
Belgrade	S	23	73	Guernsey	C	13	55	Munich	C	14	57	Sydney	S	24	75
Berlin	S	13	55	Helsinki	C	7	45	Nairobi	F	25	77	Taipei	C	30	86
Biarritz	F	18	66	H. Kong	F	29	84	Naples	F	19	66	Tangier	S	24	75
Bombay	S	31	88	Innsbruck	C	14	57	Nassau	S	30	86	Tel Aviv	F	19	66
Bordeaux	F	24	75	Inverness	C	17	63	New Delhi	S	36	97	Tenerife	C	21	70
Brussels	R	15	59	Islamabad	S	36	97	New York	S	9	48	Tokyo	R	14	57
Budapest	F	21	70	Istanbul	S	14	57	Nice	S	17	63	Toronto	C	9	48
B. Aires	C	27	80	Jakarta	C	30	86	Nicosia	C	20	68	Tunis	F	22	72
Cairo	S	21	70	Jersey	C	15	59	Oporto	S	22	72	Valencia	S	20	68
Cape Town	S	23	73	Jo'burg	S	21	70	Oslo	C	6	43	Venice	S	17	63
Caracas	-	-	—	Lima	S	26	78	Paris	R	17	63	Vienna	R	17	63
Casablanca	-	-	—	Lisbon	S	21	70	Peking	S	20	68	Warsaw	C	7	45
Chicago	S	18	65	London	S	21	70	Prague	C	14	57	Washington	S	9	48
Cologne	F	18	65	Los Angeles	C	15	59	Reykjavik	C	3	37	Zurich	F	18	64
Copenhagen	S	9	48	Luxembourg	C	14	57								
Corfu	S	19	66	Madrid	S	21	70								
Dallas	S	12	54	Majorca	S	18	64								
Dublin	S	19	66	Malaga	S	21	70								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Dollar hits World Bank debt plans

Continued from Page 1

be excessively slow and bureaucratic, fragmented and politicised.

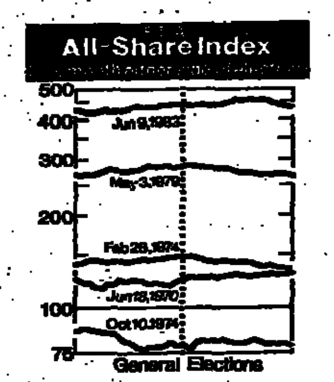
"It is critical to the future effec*tiveness of the Bbank that the trend* towards a highly bureaucratic type of management and personnel policies be arrested and reversed," the *report says*.

The operations complex, the heart of the bank's activities in providing finance and advice to devel*oping* countries, must be "fundamentally reorganised," and the reorganisation must go "well beyond a reshuffling of reporting responsibilities and accountabilities."

THE LEX COLUMN

Voting with their funds

With financial anaylists increasingly doubling as political commentators it was inevitable that the language of psephology would eventually merge with that of the dealing rooms. However, Credit Suisse First Boston has committed a minor constitutional bloomer in its description of Mrs Thatcher's choice as a call option on the date of the next election; it is, of course, a compulsorily exerciseable warrant. *June or October, the equity market* is unimpressed by the reminder that Labour enjoyed an 11 per cent poll lead prior to its 1970 election defeat and has for so long discounted a Tory victory that interest has now switched to hedging against some of its potentially unpleasant consequences.



The fashionable *view* is that a third Tory victory will kill off socialism as an electable current in British politics and thus make the UK *market an even more attractive* haven for international funds. Such a permanent reassessment of political risk in the UK will create a single, non-recurrent, inflow of capital sufficient to send sterling through the roof.

Combined with a sharp overall dip in the market, as the pre-election froth is blown away, the effect could be remarkably messy. Those UK stocks which are internationally recognised but not significantly *dependent on export earnings* should roar ahead, temporarily uncoupling themselves from their less fortunate brethren, and leaving the market wobbling somewhere between the two.

Most of the major brewers, retailers and service sector concerns ought to benefit from such a perspective. It is, *however*, the privatised utilities – British Telecom and British Gas – where the most dramatic consequences could be seen (we *may* already have seen *some* ripples of this in the past few days).

Buying NTT on 122 times earnings when you could buy BT on 14 times is already burning a hole in the pockets of Japanese investors; when the excuse of political uncertainty is removed surely their trousers will catch fire if they do not do the honourable thing.

Assuming they do, it will be a perfect time for the Government to sell its second tranche of BT. That, in turn, will cut the issue of gilt-edged and so push up prices already inflated by the expected reduction in interest rates. On the other hand, the foreign investor may take the view that it is one thing to eliminate political risk but quite another to eliminate the fragility of the UK's economic base and thus of sterling. *It could be a short-stay haven.*

Split shares

Every textbook on investment lays down that the return available from shares is a combination of income and capital gain. What is rather harder to untangle is how the components can be valued to price a share.

Attempts to split up shares or *portfolios* into income and capital – notably the split-level investment trusts – have generally ended in a conflict of interest between the different *owners*.

A new suggestion for splitting equities is now being proposed by Guardian Corporate Finance, aided by the investment trust experts at brokers Alexanders Laing & Cruickshank.

The idea is for a trust to hold an underlying portfolio consisting either of shares in one company or a group of shares represented by an index. That removes the investment discretion which caused some of the squabbles in split-level trusts.

The trust would then issue three pieces of paper, together equal to the underlying investment, which would be traded separately. A wind-up date, perhaps five years from set-up, would be fixed, although the trust could be rolled over into a new one.

The first of the three parts would be an income share entitled to all the dividends from the investment during the trust's life but having no final value. That stream of income could be priced using a present-value calculation.

The second part, labelled a protected capital share, would receive at the wind-up a fixed amount of the capital value of the underlying investment, well below its current market price. As long as the market price at the end was above that redemption amount, the holder of a protected capital share would be certain of the repayment.

That share could be valued like a deep discount zero coupon bond, though with a deeper discount to reflect the added risk. The third part, dubbed a leveraged capital share, would in effect be a five-year call option on the underlying investment at the price payable to the protected capital holders. The option would thus have intrinsic as well as time value, and could be priced according to standard option theories.

As the three parts are essentially *the underlying investment broken* down with nothing taken out, their combined price should be roughly equal to the market price of the underlying investment.

And so long as there are liquid markets in each of the three, arbitrage should keep them in line. Hence the usual discount applied to investment trusts ought not to appear.

But the idea goes far beyond the valuation of shares. A fund manager could use *the split shares to* reduce or increase his capital risk or income as required.

Starting with the three shares in equal amounts, a sale of one or two outright, or a partial sale of some and reinvestment in others could produce any combination of gearing or income.

Certain investors with a particular need for franked dividends could concentrate on the income shares. Others, such as those over*seas who find collecting dividends* troublesome, and reclaiming tax on them even worse, might go for the leveraged capital shares or a combination of the protected and leveraged capital shares.

Someone anticipating a bear market could retreat into the income and protected capital shares, leaving the leveraged shares to bear the brunt of the decline.

The mechanics of the scheme are complex, and much depends on the tax treatments *of the different* shares. Further, without a substantial underlying fund the shares would not be sufficiently tradeable to make it work.

Fund managers are notoriously conservative, especially if they think their jobs are at risk, but a similar idea has caught on the US and is worth consideration here.

SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES
Monday April 27 1987

INTERNATIONAL BONDS

Equity sector sees extensive activity amid dollar worries

BY CLARE PEARSON IN LONDON

WORRIES about the direction of the dollar were at the forefront of dealers' minds in all sections of the Eurobond market last week, and this kept dealing levels low virtually across the board throughout most of the week.

Eurodollar bond dealers in particular must have wondered why they bothered to come back to work after the long Easter weekend. An initial keenness to trade triggered by an improvement in the US Treasury market rapidly petered out, and by the end of the week dealing had virtually reached a standstill.

With retail interest negligible it was hard for most people to keep up enthusiasm for inter-professional activity, especially as most of the major changes in the US Treasury bond market happened outside European dealing hours.

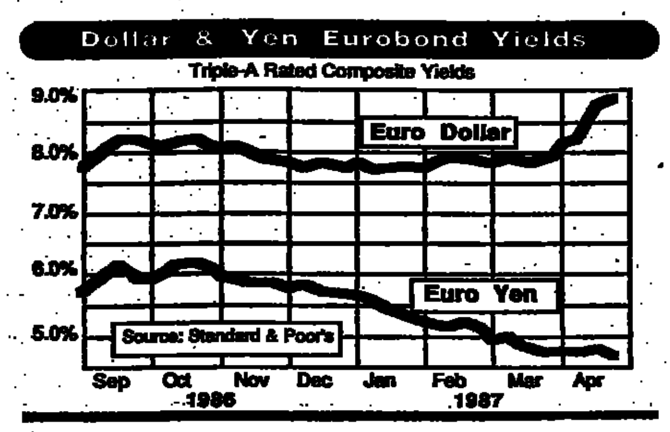
But in stark contrast the equity-linked sector saw a week of exceptional activity in response to a flood of new issues for Japanese corporate borrowers.

The Japanese funding exercise in aggregate totalled $2.24bn, which implied a serious test of the strength of this still robust section of the market.

In the event, the success of the best-liked issues appeared to be unaffected by the flood, leaving the less popular names to pay the price for the congested state of the market.

As the terms of most of the bonds were identical, investor selection was really just a case of stock-picking. In fact, the most aggressively priced of the deals – those for Sumitomo Realty and Development and Mitsubishi Corporation – proved by far the most popular even though their coupons were fixed below 2 per cent, until now a resistance point.

The main casualties were the smaller issues and those for lesser-known names. Broadly, issuers with a domestic orientation were favoured over those whose exports could be hurt by the strength of the yen and the US/Japanese trade frictions.



The attraction of the issuers that operate in the Japanese domestic market is the hope that the Japanese authorities will continue to take measures to stimulate domestic demand.

The expectation of lower Japanese interest rates began to operate on the Euroyen market last week. This, together with help from some investors fleeing the dollar market, pushed prices higher.

The Eurosterling market was also showing signs of invigoration towards the end of the week on growing confidence of an early election victory by the Conservative Party and sterling's return to favour on the foreign exchanges.

This provided a lively background for an innovative financing for UK issuer Wates City of London Properties, which on Friday became the first borrower to launch a bond with "money back" equity warrants – a concept imported from the debt warrants market.

The investor is able to redeem his warrants at the price he paid for them if the share price has not performed over the following five years. For this capital protection, he pays a higher premium – of 33 per cent – on the warrants than he would for a normal equity warrant for Wates.

The drawback is that, because the exercise premium is higher than usual – 5 per cent over the share price on Friday – it is less likely that the equity will perform up to the level of the exercise, making it worthwhile for the investor to exercise his warrants. If he does not exercise them, his investment in the warrant part of the bond is virtually an interest-free loan to Wates.

Judging by the response of the market on Friday, however, the trade-off was seen as generally fair.

A steady stream of bonds continued to flow into the Australian dollar market, to a generally firm response, with West German bank issues proving especially popular.

A seven-year issue for Sweden with a 13¾ per cent coupon – a level caused by the inverse shape of the yield curve in Australian dollar bonds – initially looked ambitious. But this too met a firm response, benefiting from unsatisfied demand for longer-dated issues in this sector.

Investors are keen to buy these to lock into the double digit yields for a longer period of time, but a lack of swap opportunities has kept the supply of bonds with maturities over five years very limited.

EUROCREDITS

Complex and toughly-priced deals from Italy test patience of bankers

ITALY'S borrowers have been testing the patience of their bankers in the Euromarkets in recent months, writes Alexander Nicoll in London.

After significantly improving its credit profile over the past few years, the country has come to market with a rash of aggressively priced deals which are often tryingly complex.

The difficulties met by some credits earlier in the year were not entirely of the borrowers' own making. They came at a time when the long decline in yield margins on syndicated Eurocredits was reaching bottom.

With the current trend towards deals which are somewhat more profitable for banks, many bankers feel that top-rated Italian borrowers should no longer command the 5 basis point margin over Libor that has occasionally occurred. They also believe that the Italians, well known as hard bargainers, have been overzealous in seeking to pare interest spreads.

Consequently, a $150m credit launched last week for Banco di Sicilia has run into some flak. Its structure is unusual in that it has no margin over Libor but carries utilisation fees for any drawings.

With another Italian deal, a $100m export financing loan for Medicredito Lombardo, already in the market, an even greater test of bankers' and borrowers' attitudes could be set by a third loan which will also finance Italian exports to the Soviet Union.

The mandate, expected to be awarded soon, is for an Ecu 315m 10-year loan to finance the export of a steel plant, to be accompanied by an Ecu 200m deal for the Soviet Foreign Trade Bank.

The larger loan is to be channelled through Mediocredito Centrale, the Italian state bank which finances exports. It could prove controversial, however, in that the borrowing may be sought in the name not of Mediocredito itself but of 10 different borrowers.

This type of structure has already proved unpopular in the market, most notably with a transaction for a grouping of 19 banks which was not completed in the manner originally envisaged. If pursued by Mediocredito, it could make the rumoured spreads of 8 to 10 basis points unrealistic in the eyes of the market.

Elsewhere, Bell Group, the Australian investment group controlled by Mr Robert Homes à Court, has mandated Merrill Lynch Capital Markets for a $100m transferable revolving underwriting facility to back a $200m Eurocommercial paper programme, also being arranged by Merrill.

The four-year facility carries a facility fee of 12½ basis points and a maximum margin of 12½ basis points over Libor, and there are fees of 2½ basis points should underwriters take up more than one-third and of 5 above two-thirds. An unusual feature is that underwriters, even if they are not ECP dealers, may go directly to the borrower for tap issues of notes if they identify customer demand.

Citicorp Investment Bank is arranging a $100m five-year revolving credit for Hokkaido Takushoku Bank, a Japanese regional bank, with a facility fee of 5 basis points, and margin above Libor of five basis points.

Varde Bank, Denmark's ninth largest commercial bank, is to have a complex package, arranged by County NatWest Capital Markets. In addition to a $50m ECP programme and a $10m private placement of debt, a five-year $50m transferable loan facility will carry a margin over Libor of 12½ basis points. A $25m standby will have a margin over Libor of 10 basis points and an underwriting fee of 7½.

A further crop of deals has emerged for UK borrowers. Hambros Bank is arranging a £100m seven-year multi-option facility for Taylor Woodrow, including a $50m committed portion with underwriting commissions of 7½ basis points for the first three years and 10 thereafter, and a maximum margin of 12½ basis points. Hambros and Midland Montagu will be dealers for a £50m commercial paper programme.

Reckitt & Colman, the food concern, has mandated Barclays de Zoete Wedd for a $150m multi-option facility renewable annually after five years with a maximum margin of 10 basis points, underwriting fees of 5 basis points for funds designated as available and 2½ for those termed unavailable.

A £100m commercial paper programme was announced by Slough Estates, a property company, arranged by S. G. Warburg and carrying top ratings. BZW is arranging an unlimited sterling paper programme for Whitbread, the brewer.

Also entering the market last week was a £100m multi-option facility for Booker, the retailing and health products group, launched by Chase Investment Bank. The five-year deal has a 6¼ basis point facility fee and a 6¼ basis point margin over Libor.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	1,191.7	371.9	–	3,163.6
Prev	2,067.2	421.5	12.9	4,148.9
Other	4,306.3	–	250.8	166.6
Prev	4,345.0	0.4	251.9	144.8
Secondary Market				
US$	32,577.0	2,131.9	15,323.7	3,325.7
Prev	21,558.5	2,217.0	14,985.5	5,396.8
Other	17,071.9	292.0	4,081.9	10,558.5
Prev	22,162.5	530.6	6,161.6	17,233.3

	Cedel	Euroclear	Total
US$	17,118.3	41,067.2	58,185.5
Prev	14,272.2	36,554.2	50,826.4
Other	12,913.7	23,833.5	36,747.2
Prev	15,900.3	34,939.1	50,839.4

Week to April 23 1987 Source: AIBD

Thomson and SGS chip deal expected

By Paul Betts in Paris

THOMSON, the French nationalised electronics and defence group, and SGS, the Italian state-owned microelectronics concern, hope to announce this week the merger of their semiconductor activities to create Europe's second largest semiconductor concern after Philips.

The deal, expected to be finalised this week after months of talks, hinges on approval from the French and Italian Governments.

Thomson is hoping to be in a position to announce the landmark semiconductor merger on Wednesday when the French group will also disclose its 1986 financial results.

The semiconductor deal with SGS is part of Thomson's rationalisation efforts to give the company's diverse electronics activities the size necessary to compete internationally. The new merged semiconductor company will have a 3 per cent share of the world market and annual sales of about $800m. However, the merger with SGS will not include Thomson's military semiconductor and components business.

Thomson SA, the main holding of the French state-owned group, is likely to report higher than expected consolidated net profits of more than FFr 1.5bn ($250m) for 1986 compared with a profit of FFr 583m in 1985 and four consecutive years of losses totalling FFr 3.65bn between 1981 and 1984.

The group had earlier estimated profits of about FFr 1bn for the main holding company. However, Thomson's loss-making consumer electronics activities are understood to have made an operating profit last year helping to boost overall earnings.

The nationalised group is also expected to report this week profits of about FFr 2.2bn for its main defence and professional electronics subsidiary, Thomson CSF, which is quoted on the bourse.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

A decisive move through the 9% yield barrier

AFTER A few weeks of being trapped by positive but as yet unfulfilled expectations, the UK Government bond market finally took the plunge and moved decisively below the 9 per cent yield barrier late last week.

This was due not least to the Evening Standard opinion poll which showed a convincing 15 point lead for the Government. Coupled with the Prime Minister's teasing hint in parliament that she would be going to the electorate "very soon," this turned a market which was reasonably confident of a June Conservative election win into a market which is now very confident.

This led to the expected decoupling from the beleaguered US Treasury bond market (although there is still some residual nervousness) and triggered the most substantial Japanese buying for some weeks as well as good US investment.

The combination of what is seen as very good electoral prospects for the Government and a very robust exchange rate must be difficult to resist for the foreign investor, particularly given the perils of investing in US assets in current circumstances. There was certainly a feeling last week that it was "good quality" money flowing into sterling, rather than one-off speculative flows.

Estimates vary for how much sterling the Bank of England had to sell in order to keep the brake on the pound last week. One thing is clear — the Bank made its intervention extremely obvious, apparently ringing around the market to flag its activity.

The amounts involved, however, are difficult to judge. Some market participants reckoned the Bank's intervention last Wednesday alone could have been as high as £500m

The other interesting event last week was the publication of March money supply figures. The Bank ended up underfunding the Public Sector Borrowing Requirement in 1986/87 by £400m having been overfunded to the tune of £4bn at the end of February.

The fact that the Bank came as close as this to a full fund of the PSBR is pretty impressive. It firstly had to judge its funding activity against the Treasury's Budget overestimate of borrowing in March.

Secondly, the substantial rise in reserves in March posed a complicated juggling act in itself. To the extent that the rise in reserves counts as negative funding, the intervention eased the overfunded position. However, the Bank then had to decide how much to sterilise the intervention by selling more debt and it seems there were substantial gilt sales to foreigners during March.

The fact that the authoritties actually ended up underfunding the PSBR by £400m is evidence of the Bank's aggressive buying in of stock as well as the surprise negative element due to foreign exchange market intervention.

Without more detailed, final money supply figures, it is difficult to work out how much buying-in there has been and therefore how much has been lopped off this year's funding requirement. The estimates of several economists is that the Bank has probably bought in £1bn to £2bn, having been a net buyer of gilts in every month since December.

With nearly £2bn-worth of funding already in place in April and May, as calls on partly-paid issues last year, and £1¼bn of short-dated gilts due to be sold at "auction" in mid-May, the Bank already has a lot of funding in place.

In one sense, it needs to. There was a £1.55bn redemption in early April and a further one of over £550m due on May 1.

There is, of course, the risk that continued intervention against sterling will bump up the need to sell debt

There comes a point when intervention stops and base rates are cut. Also, there is no telling whether sterling will remain robust later in the year.

Anyway, a combination of favourable UK economic fundamentals and substantial risks in foreign bond markets (US Treasuries carry too great a currency risk to offset the attractiveness of current yields while yields on Japanese bonds have fallen too far to look attractive) should mean a high chance of substantial overseas investment in gilts.

Janet Bush

US MONEY AND CREDIT

Bond prices resume their nosedive

HOPES that the Easter holiday might mark the end of the three-week long collapse in the credit markets were shattered last week as bond prices slumped in the wake of a further sharp fall in the dollar, raising fears that the Federal Reserve might have already begun to tighten monetary policy.

The plight of the dollar overshadowed everything else as traders watched the currency sink to levels undreamt of a few months ago, notwithstanding heavy central bank intervention. By Friday the dollar, which only a month ago broke through the Y150 level, was changing hands in Tokyo at Y130.05 and, although it recovered to Y139.30 in late New York trading, the foreign exchange markets are alive with rumours that it might fall to Y130 or even Y120 before it finds a base.

Bond prices resumed their nose dive and by Friday evening the long bond, Treasury 7½ per cent, due 2016, had dropped 4¾ points on the week to 87 14/32 and its yield had risen by 50 basis points to 8.69 per cent. A month ago it was trading close to par and yielding 7.5 per cent.

Short-term interest rates also moved sharply higher, prompting Aubrey G. Lanston, the New York broker, to note in its its latest market letter that the Federal Reserve has "apparently begun to tighten reserve pressures in an effort to counter the weakening dollar", and Smith Barney says in its latest credit market comment that "the Fed has opted for some degree of increased restraint in reserve provision". It believes that the Fed's action should result in an equilibrium Fed funds rate of about 6¼ per cent to 6⅜ per cent.

The rise in short-term interest rates over the last month cannot have escaped the notice of the banks whose ½ point prime rate increases late last month coincided with the start of the slump in bond prices. Since then, their cost of funds has risen by more than 40 basis points so they could justify raising their prime rates another ¼ point at least, to 8.0 per cent.

More worrying than the threat of a prime rate increase is the increasing speculation that the Federal Reserve might even be forced to raise its discount rate to save the dollar if the currency does not quickly pull out of its current "free-fall."

"Market participants have become increasingly unnerved by the ineffectivenes of direct central bank intervention in stemming the dollar's plunge and by Washinton's emotional wave of protectionism which serves to underscore this country's continuing trade deficit problems," says Aubrey G. Lanston and concludes that "At this point, nothing short of a Fed discount rate increase, ideally combined with further discount rate cuts by Japan and Germany, would seem capable of stabilising the dollar in the foreign exchange markets."

Henry Kaufman, Salomon Brothers' chief economic guru, warns in his firm's latest "comments on Credit" that the financial markets fear that "a major confrontation over trade and economic policy is brewing among the major trading nations" and the more the conflict escalates, the greater are the chances that the Federal Reserve will have to go it alone and raise its discount rate. "Such a response, while acceptable to our allies, will increase the odds of a global economic recession," he concludes.

He argues that US monetary policy is in a particularly difficult situation. "Not only would an overt policy move, such as an increase in the discount rate, enhance the chances of a US economic slowdown but it would also temper the prod of a lower dollar on our trading partners to stimulate their own economies. And, without policy changes abroad, such a move may only temporarily stabilise the currency."

Not all analysts are quite so gloomy about the outlook. Philip Braverman of Irving Securities, for example, says that a discount rate increase is "highly unlikely." Standard & Poor's, the credit rating agency, expects the 30-year Treasury bond yield to trade between 8.2 per cent and 8.75 per cent and the dollar to fluctuate between Y140 and Y145 "for the next several weeks, reflecting a more stable US dollar and unchanged Federal Reserve policy."

Mr Sam Kahan of Kleinwort Benson Government Securities in Chicago notes: "With the yield spread between US and Japanese securities over 450 basis points and the US yield curve very steep, some of the elements for an improving US interest rate environment are in place," But he notes that these factors are not likely to be of "significant consequence" until the stability of the dollar "becomes a fact and not just a hope."

★

The following statistics are due to be released this week, along with other events which could have an impact on the financial markets. The estimates are compiled by Money Market Services of Redwood City, California.

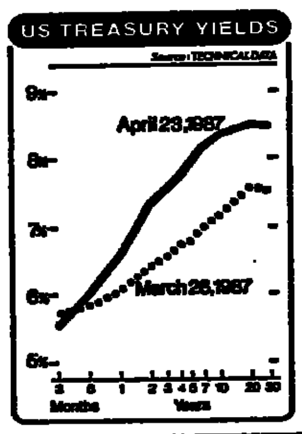
● The index of leading economic indicators—due Wednesday—is expected to have risen again in March although at a slightly slower pace than the 0.7 per cent increase recorded in February. The median forecast is for a 0.4 per cent rise with estimates ranging from an increase of 0.1 per cent to 0.6 per cent.

● The Treasury will announce the terms of its next quarterly refunding on Wednesday. The forecast is for a $28.25bn package, raising $15.25bn in new cash and consisting of $9.75bn of three-year notes, $9.5bn of 10-year notes and $9bn of 30-year bonds. The auctions start on May 4 and the level of Japanese participation will again be monitored closely.

● President Reagan is scheduled to meet Japan's Prime Minister Nakasone on Thursday where they are expected to discuss ways of easing the rising trade frictions between the two countries.

● The money supply figures for the week ended April 20—due Thursday—are expected to show an unusually large $15bn increase in M1.

William Hall



US MONEY MARKET RATES (%)

	Last Thursday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.42	6.37	6.20	11.34	5.71
Three-month Treasury bills	5.76	5.55	5.63	6.52	5.01
Six-month Treasury bills	6.06	5.85	5.46	6.54	5.06
Three-month prime CDs	6.68	6.55	6.24	6.95	5.46
30-day Commercial Paper	6.40	6.33	6.30	7.70	5.53
90-day Commercial Paper	6.60	6.36	6.23	6.90	5.45

US BOND PRICES AND YIELDS (%)

	Last Thurs.	Change on wk	Yield	1 week ago	4 wks ago
Seven-year Treasury	93¾	−2½	8.29	7.81	7.16
20-year Treasury	104¾	−5	8.85	8.33	7.77
30-year Treasury	87¾	−4¾	8.69	8.22	7.65
New 10-year "A" Financial	n/a	−3¼	9.50	9.00	8.15
New "AA" Long utility	n/a	−2½	9.75	9.50	8.80
New "A" Long Industrial	n/a	−3¾	9.75	9.38	8.65

Source: Salomon Bros (estimates).

Money Supply: In the week ended April 13 M1 rose by $2.2bn to $742.1bn.

NRI TOKYO BOND INDEX

December 1983 = 100	23/4/87	Average yield (%)	Last week	12 wks ago	26 wks ago
	PERFORMANCE INDEX				
Overall	139.56	3.95	139.44	134.42	122.67
Government Bonds	141.62	3.49	141.55	135.19	123.34
Municipal Bonds	139.32	4.60	139.24	134.93	128.77
Government-guaranteed Bonds	140.19	4.65	140.10	135.86	129.24
Bank Debentures	134.12	3.59	133.82	130.78	125.68
Corporate Bonds	136.99	5.12	136.87	132.55	128.05
Yen-denominated Foreign Bonds	138.26	6.11	138.00	134.87	130.15
Government 10-year†	—	4.26	4.35	5.34	5.80

† Estimated par yield.

Source: Nomura Research Institute.

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN Bank 8½ 91	150	101	[illegible]	8.17
Aetna Life & Cas 7⅞ 16	200	[illegible]	−½	8.26
AHFC O/S Fin 11¼ 94	100	102	[illegible]	11.29
AIDC 11 89	75	[illegible]	[illegible]	[illegible]
Alcoa Australia 11 92	[illegible]	104	[illegible]	[illegible]
American Exps 12⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev Bk 11¼ 93	[illegible]	110	[illegible]	[illegible]
Australia 11¼ 90	[illegible]	[illegible]	[illegible]	[illegible]
Australia 11¼ 00	[illegible]	110	[illegible]	[illegible]
Austria Zero 95	[illegible]	[illegible]	−1	[illegible]
Bk of Montreal 14½ 87	[illegible]	[illegible]	[illegible]	10.52
Bank of Tokyo 8⅜ 96	[illegible]	[illegible]	[illegible]	9.32
Bank of Tokyo 11 90	125	106	[illegible]	[illegible]
Bank of Tokyo 11⅞ 90	[illegible]	[illegible]	−1	[illegible]
Bank of Tokyo 13⅞ 89	[illegible]	[illegible]	−1	[illegible]
Barclays Jersey 10⅛ 90	[illegible]	[illegible]	−1	[illegible]
Barclays Jersey 10⅜ 95	[illegible]	[illegible]	[illegible]	[illegible]
Belgium 7½ 91	[illegible]	[illegible]	[illegible]	[illegible]
Belgium 7¾ 91	[illegible]	[illegible]	[illegible]	[illegible]
Betawest Prop 7¾ 93	150	[illegible]	[illegible]	9.12
BFCE 7¼ 93	[illegible]	[illegible]	[illegible]	[illegible]
Bk Nova Scotia 13⅝ 87	[illegible]	[illegible]	[illegible]	9.13
BNP 8¾ 93	125	[illegible]	[illegible]	[illegible]
BNP 13½ 89	150	[illegible]	[illegible]	[illegible]
BP Capital 9⅜ 93	150	[illegible]	[illegible]	[illegible]
BP Capital 11⅛ 92	150	[illegible]	[illegible]	9.33
Br Col Hydro 10¼ 88	200	[illegible]	[illegible]	7.90
Br Col Hydro 11¾ 93	200	[illegible]	[illegible]	[illegible]
Campbell Soup 10½ 95	100	[illegible]	[illegible]	9.09
Canada 10⅞ 88	[illegible]	104	[illegible]	7.86
Canada 11½ 90	[illegible]	[illegible]	[illegible]	8.39
Canada Imp Bk 16⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid price	Chg on week	Yield
DKB Asia 8½ 91	100	97⅝	−1¼	8.79
Dutch St Mines 11⅛ 91	150	104	0	10.05
ECSC 7 89	75	[illegible]	[illegible]	7.59
ECSC 8¾ 96	100	[illegible]	[illegible]	9.15
EEC 9⅝ 90	250	[illegible]	[illegible]	8.31
EIB 7¾ 93	150	[illegible]	−2	8.96
EIB 8½ 88	100	[illegible]	[illegible]	8.52
EIB 8¾ 88	50	100	[illegible]	8.71
EIB 8¾ 93	100	[illegible]	[illegible]	8.43
EIB 9⅞ 93	100	[illegible]	[illegible]	9.00
EIB 10¼ 94	200	106	[illegible]	9.10
EIB 11 91	125	[illegible]	[illegible]	8.35
EIB 11⅝ 91	73	[illegible]	[illegible]	8.73
Exportfinans 0 94	360	[illegible]	[illegible]	9.45
Elec de France 10⅜ 95 A	100	[illegible]	[illegible]	9.45
Elec de Fr 14⅛ 89 XW	200	111	[illegible]	8.10
Eli Lilly 10¼ 90	150	[illegible]	[illegible]	8.47
Emerson Elec 9⅝ 95 SW	100	[illegible]	[illegible]	8.65
Engelhard Corpn 11⅛ 92	100	[illegible]	[illegible]	10.02
Equitable Life 10⅛ 92	100	[illegible]	[illegible]	8.94
Eurofima 9⅞ 96	100	100	[illegible]	9.24
Eurofima 12½ 89	75	[illegible]	[illegible]	8.12
Export Devel 10 90	100	[illegible]	[illegible]	8.35
Export Devel 10⅞ 88	100	[illegible]	[illegible]	8.00
Export Devel 11½ 89	150	[illegible]	[illegible]	8.10
Export Devel 12 89	100	[illegible]	[illegible]	8.17
Exxon Fin 10⅞ 89	200	[illegible]	[illegible]	10.30
Farm Credit Crpn 7⅞ 95	100	[illegible]	[illegible]	8.79
Finland 12¼ 94	75	117⅞	[illegible]	8.96
Ford Motor 10½ 93	150	[illegible]	−1¼	9.35
Forsmarks 8¾ 91	100	[illegible]	[illegible]	8.57
Fuji Bk & Tst 7⅞ 91	100	[illegible]	−1¼	8.76
Fuji Intl 10⅞ 90	100	[illegible]	−1¼	8.38
Gaz de France 12¼ 95	175	113	−1¼	9.32
Gen Elec Cred 9⅞ 91	100	[illegible]	[illegible]	8.95

FLOATING RATE NOTES	Issued	Bid price	Chg on week	C.cpn
Allied Irish ⅛ 95	100	[illegible]	0	6¼
Amer S & L 0.15 96	200	[illegible]	0	[illegible]
Banco di Sicilia ⅛ 92	100	[illegible]	0	[illegible]
Bank of Boston ⅛ 2000	300	[illegible]	[illegible]	[illegible]
Bk of Montreal ⅛ 96	250	[illegible]	[illegible]	[illegible]
Bankers Tr NY ⅛ 94	200	100	0	[illegible]
Bq Indosuez ⅛ 91 XW £	85	[illegible]	[illegible]	11½
Barclays O/S Inv ⅛ 04	300	[illegible]	[illegible]	6½
BBL Intl 93	100	[illegible]	[illegible]	7
Belgium ⅛ 94 £	100	[illegible]	[illegible]	10⅛
Belgium ⅛ 97	500	[illegible]	[illegible]	[illegible]
Belgium 00	400	[illegible]	[illegible]	[illegible]
Belgium ⅛ 04	400	[illegible]	0	[illegible]
Belgium 05	400	99	[illegible]	[illegible]
Bilbao Intl 0.035 01	150	[illegible]	[illegible]	[illegible]
BNP 05	300	[illegible]	[illegible]	7
CCCE ⅛ 98	50	[illegible]	[illegible]	[illegible]
CCF 97	250	[illegible]	[illegible]	[illegible]
Central Intl 1/10 00	150	[illegible]	[illegible]	[illegible]
Centrust 0.15 96	100	[illegible]	[illegible]	[illegible]
CEPME ⅛ 96 £	100	100	0	[illegible]
Chase Manhattan ⅛ 93	150	[illegible]	0	[illegible]
Chase Manhattan ⅛ 09	400	[illegible]	[illegible]	[illegible]
Chemical NY ⅛ 97	250	[illegible]	0	[illegible]
Citicorp O/S ⅛ 94	100	[illegible]	[illegible]	[illegible]
Citizens Fed 0.15 96	100	[illegible]	0	[illegible]
Commerzbank ⅛ 89	150	100	[illegible]	[illegible]
Council of Europe 93	50	[illegible]	0	[illegible]
Cred for Exports ⅛ 92	155	[illegible]	0	[illegible]
Credit Foncier ⅛ 94	70	100	[illegible]	[illegible]
Credit Foncier 97	300	[illegible]	0	[illegible]
Credit Foncier ⅛ 00 £	100	[illegible]	[illegible]	[illegible]
Credit Lyonnais ⅛ 99	250	100	0	[illegible]
Credit National ⅛ 95	175	[illegible]	0	[illegible]
Creditanstalt ⅛ 96	150	[illegible]	0	[illegible]

	Issued	Bid price	Chg on week	Yield
CC Rabo 8 89	150	[illegible]	[illegible]	[illegible]
Denmark 8½ 91	100	107½	0	6.34
Int Stand Elec 8½ 89	100	[illegible]	[illegible]	6.39
New Zealand 8¾ 89	100	104	0	6.25
CANADIAN DOLLAR STRAIGHTS				
AIDC 10 91	100	99½	−3¼	10.16
Aust Res 11⅝ 92	50	107⅝	−1⅝	9.49
Bank of Tokyo 10⅞ 92	75	102	−2	10.31
Bqu L'Indosuez 14 91	75	111¼	[illegible]	10.53
Br Col Munic 12¼ 91	100	110	[illegible]	9.43
Br Col Munic 13½ 91	100	112⅝	[illegible]	9.74
Br Col Tele 12¼ 89	70	103	−1½	11.75
Farm Cred Corp 12¼ 90	75	107⅞	−1½	9.40
Kellogg Salada Can 9 92	50	97	−1½	9.82
Laval City 10⅜ 96	40	[illegible]	[illegible]	10.67
Montreal City 12¼ 91	50	110	−1	9.18
New Brunswick 12 95	75	[illegible]	−3	10.32
Nova Scotia 11⅝ 95	100	[illegible]	−3½	10.51
Royal Trustco 10⅜ 90	75	[illegible]	−1½	9.42

ECU STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN 9½ 92	100	[illegible]	[illegible]	10.56
Aegon NV 7¾ 95	101	96½	[illegible]	7.81
All Nippon Air 9 95	130	[illegible]	[illegible]	7.90
Australia & NZ 10⅞ 91	50	[illegible]	[illegible]	9.43
Austria 10⅝ 93	100	[illegible]	[illegible]	8.42
BFCE 8⅝ 93	150	[illegible]	[illegible]	8.27
BFCE 9¾ 92	100	[illegible]	[illegible]	7.24
BNP 8⅞ 95	75	[illegible]	[illegible]	8.34
Caisse Nat Tele 9¼ 92	75	[illegible]	[illegible]	7.47
Chrysler Fin 9 92	75	[illegible]	[illegible]	8.57
Colgate-Palmolive 8 91	75	[illegible]	0	7.50
Cred Lyonnais 6½ 92	175	[illegible]	[illegible]	7.44
Cred National 10⅞ 94	50	108	−1¼	8.00

INTERNATIONAL CAPITAL MARKETS and COMPANIES

APT still has eyes on Europe

BY DAVID THOMAS

AT&T-PHILIPS, the US-Dutch joint venture, does not want the American authorities to retaliate against France in protest against the rejection last week of its bid for CGCT, the French state-owned public telephone exchange maker.

The French Government's preference for Ericsson of Sweden over AT&T-Philips as the new owner of CGCT caused a storm of protest in Washington, with calls being made for retaliatory trade action against the French.

However, Mr William Huisman, AT&T-Philips vice president and the venture's chief negotiator during the CGCT bid, said such action could damage its hopes of future business in France.

Mr Huisman, who was speaking at AT&T-Philips' headquarters in the Netherlands, was giving the venture's first detailed comment on its failure to acquire CGCT.

Mr Huisman said AT&T-Philips had been told as recently as March 20 by officials in the French Industry Ministry and the DGT, the French telecommunications authority, that its bid was the best on technical industry and economic grounds.

AT&T-Philips had spent a sum "in the millions of guilders" in preparing its bid for CGCT, Mr Huisman disclosed, but he said that the DGT's preference for the AT&T-Philips exchange had resulted in interest being expressed in the exchange by other European telecommunications authorities.

"We are naturally disappointed by the decision and the way it was taken," Mr Huisman said.

But he added: "As far as we are concerned the matter is closed."

Mr Huisman insisted that the French decision would not affect the venture's determination to penetrate other European countries with its public exchange, which so far in Europe has been sold only to British Telecom for specialised uses and to the Netherlands.

The Belgian telecommunications authority is expected to decide soon between a number of bidders for its next tranche of public exchange orders, including AT&T-Philips.

Mr Hans van Bree, chairman of the AT&T-Philips operating company in the Netherlands, said the venture was talking to several other European countries about public exchange sales.

He argued that the venture would still emerge as a major player in Europe, because liberalisation would open up opportunities which the venture could exploit through access to AT&T's advanced technology.

Mr Huisman insisted that the CGCT decision would not lead AT&T to withdraw from the venture in order to concentrate on its strong home base in the US. "The new telecommunications technologies have a global nature and AT&T has to spread its development costs," he said.

He disclosed that the venture would be close to breakeven this year and would break even next year, one year later than expected when the venture was established in 1983.

The venture had post-tax losses of Fl 92m ($45.5m) on sales of Fl 681m in 1985. The 1986 results, which have not yet been announced, are expected to show reduced losses on sales up about 11 per cent. The venture is expecting a similar increase in sales this year.

Public exchanges and transmission equipment, its two main products, account for roughly half each of sales revenues, but the venture expects public exchange sales to become more predominant in future.

Mr Huisman said the venture would consider any proposal for local manufacturing or local joint ventures made to it by a country interested in buying its equipment. However, the venture seems more inclined to enter such arrangements in transmission equipment, because it believes there is over-capacity in public exchange manufacturing.

Union's offer rejected by UAL

By Our New York Staff

UAL, the embattled US airline and travel group, has rejected as "grossly inadequate" a $4.5bn offer for its United Airlines subsidiary from the United Pilot's Union.

UAL's board of directors said on Friday it had decided that the airline and its Covia computerised reservation system were not for sale. The board confirmed its commitment to an integrated travel services strategy and said continued ownership and operation of United Airlines and Covia were "essential elements of the strategy."

The airline, which also owns the Westin hotel chain and the Hertz car rental business, sharply reduced its first quarter losses from $103.1m, or $2.48 per share, in 1986 to $30.5m, or 60 cents a share, in the latest quarter.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Int. Corona Resources (a) ‡	50	1992	5	3½	100	Banque Paribas	3.125
NTN Toyo Bearing Co. ‡	100	1992	5	8¾	101½	Nomura Int.	8.371
Chugoku Marine Paints ¶	20	1992	5	(2¼)	100	Yamaichi Int. (Eur)	*
Toyo Soda Manufacturing ¶	150	1992	5	(2)	100	Yamaichi Int. (Eur)	*
Gunze Ltd. ¶	100	1992	5	(2)	100	Nomura Int.	*
Suzuki Motor ¶	100	1992	5	2	100	Daiwa Europe	2.000
Marubeni Corp. ¶	200	1992	5	(2)	100	Yamaichi Int. (Eur)	*
Marubeni Corp. ¶ (e)	100	1992	5	(2)	100	Nikko Secs (Europe)	*
Fujitsu Ltd. ¶	300	1992	5	(2)	100	Nikko Secs (Europe)	*
Sumitomo Realty & Dev. ¶	500	1992	5	(1⅞)	100	Daiwa Europe	*
Comcast Corp. §	75	2002	15	5	100	Morgan Grenfell	5.000
City of Vienna (c) †‡	70	1992	5	1/16	100	Yamaichi Int. (Eur)	—
Daikin Industries ¶	100	1992	5	(2)	100	Nomura Int.	*
J. Bildner & Sons §	25	2002	15	(6–6½)	100	Paine Webber Int.	*
Cetus Corp. § ‡	100	2002	15	5¼	100	SBCI	5.250
Mitsubishi Corp ¶	600	1992	5	(1¾)	100	Nomura Int.	*
Tateho Chemical Ind. ¶	50	1992	5	(2)	100	Nikko Secs (Europe)	*
Suzuken ¶	20	1992	5	(2¼)	100	Nomura Int.	*
CANADIAN DOLLARS							
Royal Trustco ‡	75	1992	5	9¾	101⅛	Citicorp Inv. Bank	9.457
AUSTRALIAN DOLLARS							
BfG Finance ‡	60	1992	5½	14¼	101½	Morgan Stanley	13.781
Fed. Bus. Dev. Bk Canada ‡	50	1990	2½	14⅞	101¼	Citicorp Inv. Bank	13.637
Sweden ‡	75	1994	7	13¾	101¼	Hambros Bank	13.483
SBC Finance ‡	100	1990	3	14	101½	SBCI	13.361
Creditanstalt Bankverein ‡	60	1990	3	14⅛	101⅜	Morgan Stanley	13.537
SWISS FRANCS							
Thesing-Verwalt'schaft	10	1995	—	(6⅝)	(100)	Fintrelex	*
Galactic Resources §	50	1995	—	5⅞	100	Banque Indosuez	*
Interface (Lux) §	50	1992	—	(2½)	(100)	Warburg Soditic	*
Taiyo Sanso** ‡	50	1992	—	1	100	Crédit Suisse	1.000
Chrysler Fin. Corp. **‡	100	1992	—	4⅝	100	UBS	4.625
Daiwa Danchi Co. **§	100	1992	—	(⅞)	*	UBS	*
Tobu Railway Co. **¶	100	1994	—	(1¼)	100	SBC	*
Towa Real Estate **§	40	1992	—	(⅝)	100	Crédit Suisse	*
Sanyo Shinpan Fin. **‡	30	1992	—	4¾	100	UBS	4.750
American Can Co. ‡	125	1995	—	5	100	SBC	5.000
STERLING							
Ultramar §‡	40	2002	15	5	100	Morgan Grenfell	5.000
Toronto-Dominion Bk ‡	50	1992	5	9¼	101⅞	Morgan Grenfell	8.771
ECUs							
Life Co. ¶	40	1992	5	(1⅝)	100	Bqe Paribas/Nikko Secs.	*
DANISH KRONER							
Nordic Inv. Bank ‡	400	1992	5	11	101½	Den Danske Bank	10.598
LUXEMBOURG FRANCS							
Belgelectric Finance **‡	300	1992	5	7¼	100	BIL	7.250
Kredietbank Int. Fin. **‡	300	1992	5	7¼	100	Kredietbank Int.	7.250
Natorgaz Midi-Nord **‡	300	1992	5	7½	100¼	Bqe Paribas (Lux)	7.438
YEN							
CITIC ‡	30bn	1997	10	4.9	100	Daiwa Secs.	4.900
Mgn Guaranty Tst NY ‡	25bn	1992	5	4⅜	101⅝	LTCB Int.	4.010
Mgn Stanley Group ‡	25bn	1993	6	4⅝	101¾	IBJ Int.	4.494
Kumagai Australia (b) ‡	7bn	1992	5	7⅜	100	Daiwa Europe	7.375
Chubu Electric Power ‡	40bn	1997	10	4¾	101⅜	UBS (Secs)	4.575
World Bank (d) ‡	40bn	1997	10	4⅝	101	Daiwa Secs.	4.550
African Dev. Bank ‡	15bn	2002	15	4.9	99¾	Daiwa Secs.	4.984

* Not yet priced. ‡ Final terms. ** Private placement. † Floating rate notes. ¶ With equity warrants. ɸ With gold warrants. ‖ Currency-linked. § Convertible. (a) Gold backed convertible with warrants. (b) Reverse dual-currency-yen/A$. (c) 1/16 over 3m Libor. Launched in Asia. (d) Daimyo bonds. Note: Yields are calculated on AIBD basis.

Procter and Gamble lifts profit 19%

By Paul Hannon in New York

PROCTER & GAMBLE, the diversified US household products to foods group, reported a 19 per cent jump in third-quarter pre-tax profits to $339m from $284m on sales up 3.5 per cent to $4.22bn.

Earnings after tax registered a 13 per cent gain to $188m and earnings per share improved to $1.10 from 98 cents for the quarter.

The earnings performance was adversely affected by a higher effective tax rate due to the absence of domestic investment tax credits.

Procter & Gamble expects its profitability to be curbed for the rest of this financial year because of tax changes, but from next year it sees very strong after-tax earnings as corporate tax falls from 46 to 34 per cent.

For the nine-month period, sales jumped 11 per cent to $12.5bn and net earnings were 11.9 per cent higher at $651m. Earnings per share were $3.82 against $3.46.

Earnings before tax in the second quarter rose 21.9 per cent and in the third quarter they grew 19.4 per cent.

Burlington receives $1.6bn joint bid

BY WILLIAM HALL IN NEW YORK

MR ASHER EDELMAN, the New York-based corporate raider, and Dominion Textile, Canada's biggest textile manufacturer, have joined forces in a $1.6bn bid for Burlington Industries, the largest US textile group, which has more than 80 textile plants in the US and overseas.

Dominon Textile, which is about a quarter the size of Burlington but has ambitious growth plans, and Mr Edelman, who has mounted several takeover bids in unrelated industries over the last year, announced after the stock market closed on Friday that a group they lead had proposed to Burlington Industries' board a plan to aquire the company in a negotiated transaction for $60 a share in cash.

Burlington Industries' shares, which have been rising on takeover rumours, climbed a further $1.875 to $56.25 on Friday.

It was disclosed earlier this month that Dominion Textile and Mr Edelman had been acquiring shares in Burlington Industries.

The two parties revealed on Friday that their investor group had now acquired, including options, about 7.6 per cent of the outstanding shares of Burlington Industries.

Based in Greensboro, North Carolina, Burlington Industries earned $56.5m, or $1.98 per share, on sales of $2.7bn in its last financial year which ended on September 27, 1986. In the first six months of its current financial year it earned $29.4m, or $1.08 per share, on sales of $786.1m.

Burlington, which employs over 40,000, is one of the US textile companies which has been hardest hit by the surge in US textile imports. Analyst argue that it has been slower than some of its rivals to rationalise its businesses.

Over the past decade it has sold businesses with sales of $600m; in Europe, where it used to employ 9,000 staff in 4.6m square feet of factories, it has pulled out of Switzerland, France, Germany, England, Wales, Spain, Sweden and Finland.

Over the past year it has been trying to rid itself of its reputation as a conservative and production-orientated company and last September it appointed a new chief executive, Mr Frank S. Greenberg, who is reported to be more marketing-oriented.

Michelin earnings double

MICHELIN, the leading French tyre manufacturer, has seen net group earnings nearly double to FFr 1.9bn for 1986 from FFr 1.04bn previously.

Cash-flow increased to FFr 5bn from FFr 4bn. Sales were flat at FFr 46.3bn last year compared with FFr 46.6bn. However, in dollar terms, sales rose by 16 per cent

Group investments totalled FFr 2.2bn last year. As for Michelin's French operating company, Manufacture Francaise des Pneumatiques Michelin, it reduced net losses to FFr 54m compared with a loss of FFr 398.8m for 1985. The loss last year included a FFr 343m provision to cover a restructuring programme. Special provisions for restructuring totalled FFr 41m the year before.

The French operating company's sales rose to FFr 16.24bn from FFr 15.67bn.

Legal setback for Texaco

TEXACO, THE US oil giant which has been forced to seek the protection of the bankruptcy courts in its fight to overturn a potentially crippling $11.1bn damages award, has suffered another legal setback.

The Court of Appeals for the First Supreme Judicial District of Texas denied on Friday Texaco's request for a rehearing of its case and a motion to supplement the record with new evidence of Texas Trial Judge Ferris' alleged bias. Texaco, which filed for bankruptcy on April 12, said that it would move promptly to bring the case before the Texas Supreme Court.

Mr James Kinnear, Texaco's chief executive, said that "this action without any explanation represents more of the same failure by the Texas courts to come to grips with the legal issues involved in this case.

UK COMPANY NEWS

Hillsdown intervention in Garnar and Pittard deal

BY PHILIP COGGAN

Hillsdown Holdings, the fast-growing food-to-furniture group, has made a surprise intervention in the agreed merger betwen leather groups Pittard and Garnar Booth.

Hillsdown has agreed to buy the bulk of the stake which Strong & Fisher Holdings, and its adviser Hambros Bank, built up in the course of its aborted £20m offer for Garnar Booth. The bid was referred to the Monopolies and Merger Commission, but the Garnar/Pittard merger escaped a reference.

Strong & Fisher has sold 1.27m of its 1.59m shares to Hillsdown at a price of 235p per share. Total proceeds will be £2.97m, which means that S & F will realise a profit of around £640,000. S & F will also retain the right to a second interim dividend of 6.65p announced by Garnar Booth.

Hillsdown, which already owned 200,00 shares, will now have a stake in Garnar Booth of just under 15 per cent. The group has strong links with the leather industry through its extensive abbatoir interests.

Mr Harry Solomon, Hillsdown's chairman, yesterday said he would not decide what to do with the stake until he had spoken to Garnar Booth today.

"We want to leave all our options open," he said.

If Hillsdown is to mount a counter offer, it will have to act quickly. The closing date for acceptances of the Pittards offer, which values Garnar Booth at £23.5m, is on Friday. The shares owned by Strong & Fisher have not yet been assented to the Pittards offer.

Nolton plunges into the red

Nolton, investment holding and industrial management company with interests in property, consumer related products and business services, plunged into the red in the half year to January 31 1987 with a pre-tax loss of £197,000 compared with a profit of £639,000, for the corresponding period of the previous year.

The losses come after allowing for provisions and one-off costs totalling £755,000. During the period the company discontinued its securities dealings and development capital activities. Following a review of trade debtors and investments remaining in that sector, the directors felt it prudent to make provisions totalling £545,000 to reflect a degree of uncertainty.

Below the line extraordinary costs included the settlement at £288,000 of the claim originally notified to shareholders in last year's interim report as a possible liablity of £750,000 and termination costs of £31,000 after tax relief relating to the cessation of securities and development capital operations.

Turnover in the half year was up from £9.78m to £11.4m; administration costs rose from £249,000 to £280,000 and taxation took £56,000 (£245,000). Los per share was 1.13p before the extraordinary items (earnings of 2.01p).

The 1986 half-year figures have been restated to include those companies acquired using merger principles.

Mr Anthony Good, chairman, said the board's decision to focus the strategic direction of the company on its core business areas was made in the knowledge that the company's prospects in those areas were excellent.

Accordingly, a maintained interim dividend of 0.55p had been proposed. The total payment for 1986 was 1.2p.

Australians sell Coates stake

Australian-based Adelaide Steamship Company is transferring its stake in Coates Brothers to London property group Markheath Securities as part of Adsteam's plan to make Markheath its vehicle for expansion in the UK.

Markheath is acquiring 2.44m orinary shares (14.26 per cent) and 6.07m non-voting "A" shares (25.97 per cent) in Coates at a cost of £17.7m in cash. Coates has interests in printing inks and synthetic resins.

Earlier this month, Adsteam—one of Australia's 20 largest companies—announced that it was to inject £18m into Markheath in a share subscription issue that would see it take a 49.6 per cent stake in the property company's expanded equity.

FT Share Information

The following securities have been added to the Share Information Service:

Barbour Index (Section: Newspapers), Euro-Asia Capital (Canadians), Global Data (Canadians), Hobsons Publishing (Newspapers), Invincible Gold (30 cts) (Mines Australian), Misys (Electricals), Regina Health (Foods), Renaissance Hldgs (Ord & Warrants) (Trusts Finance Land), Sanders & Sidney (Industrials), Scandinavian Bank (Banks), Thornton (G. W.) (Engineering), Wood (John D.) (Property).

BOARD MEETINGS

TODAY

Interims:— Allied London Properties, Lowland Investment, S. Lyles, Prestwick Holdings, Royal Dutch Petroleum, Shell Transport and Trading.

Finals:— Abelscott, Chepstow Racecourse, Dencora, Farnell Electronics, Inchcape, Ronald Martin, John Menzies, Tarmac, Vanburgh Currency Fund, Viking Resources Trust.

FUTURE DATES

Interims:—

North Atlantic Seas .... May 1
United Spring & Steel .... Apr 29

Finals:—

Burtonwood Brewery .... Jul 3
Conrad .... Apr 30
Ex-Lands .... Apr 28
Fleming Far Eastern Inv Trust May 7

B & C to sell stake in Country Properties

By Philip Coggan

British & Commonwealth Holdings, the financial services and transport group, is to sell its 44 per cent stake in Country & New Town Properties as part of a rationalisation of its investments in the property sector.

Mr John Gunn, B & C's new chairman, recently announced a rationalisation plan under which all of the group's interests, outside of financial services and property, would be transferred to a new company, which would then place around 20 per cent of its equity with institutions.

As part of the reorganisation, B & C intends to build a significant property and investment division and it therefore feels that it is no longer appropriate to concentrate such a substantial part of its property interests in CNTP.

B & C currently holds 19.96m shares in CNTP, with a market value of around £30m, plus a 30 per cent stake in CNTP Holdings BV, the subsidiary which holds the group's overseas investments.

B & C has invited the board of CNTP to discuss how it can sell its stake without jeopardising the future of the property group. "We want to find a partner that CNTP can be happy with," said Mr Duncan Abbott, a B & C corporate finance executive yesterday, "but we are looking to be paid with good quality paper, rather than cash."

At the last balance sheet date, in January 1986, CNTP had net assets of £142m. Since then it has acquired a 49 per cent stake in Bay Financial Corporation, a US property group, quoted on the New York stock exchange.

R. Mansell

Pre-tax profits of R. Mansell, the non-quoted London building contractor, rose from £1.46m to £1.63m in 1986 on turnover up from £55.33m to £62.8m.

Earnings per share rose from 6.52p to 7.39p.

Nikki Tait looks at Williams' £571m bid for Norcros

A close finish in prospect

"Williams was well-placed from day one, and will still get home," predicts one analyst. "I don't know," ponders another old hand, "I reckon there's just a chance Norcros will escape."

On one point both agree: when the outcome of the £571m bid is known next Wednesday, the result may be close.

All of which sounds like wily caution—and with good reason. Few takeovers head for the final deadline with such scanty pointers to the result.

Even after Friday's purchases, Williams holds just 3.26 per cent of its target's shares. At the first close, acceptances — posted before the offer was declared final—were a pitiful 0.18 per cent. The private shareholder vote is insignificant; over 80 per cent of Norcros's shares are institutionally held and, with the exception of Norwich Union's 6 per cent, there are no major stakes.

Even the price has offered few clues to the City sentiment. For much of last week, Norcros shares hovered around 403p—a touch over the 400.2p cash offer yet some 40p adrift from paper terms. By Friday's close in the wake of Williams' buying, Norcros had added 11p to 414p, while the predator was 6p higher at 763p—a discernable shift in the latter's direction.

Yet the industrial argument has been straightforward throughout. Pre-bid, Norcros was seen as solid but dull. Profits had moved in the right direction, but earnings per share growth was less than impressive—up from 14.6p to 21.4p over the five years to end-March 1986, but rising from only 19.64p in the most recent two.

In its defence, Norcros has argued that future foundations were being laid. Now shorn of its main engineering interests and out of the cut-throat glass merchanting market, its interests range from ceramic tiles, through the UBM builders' merchanting chain, to construction-related products like air conditioning units, and specialist print and packaging.

"The strategy is clear — to concentrate on two areas which have been identified as having particularly good potential for growth, namely building materials and specialist print and packaging," claimed its first rebuttal.

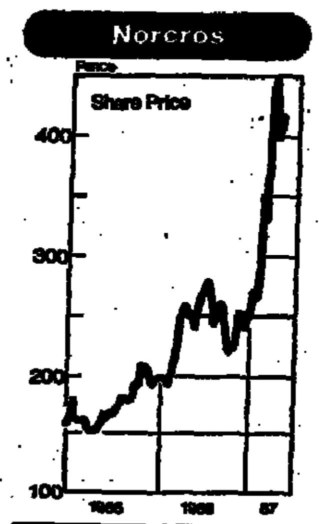
The company pulls in figures to back its position — capital spend of £90m over the past five years, £24m in 1986/87 alone, and £40m predicted for the current 12 months. One-third of the 1986/87 figure was eaten up by UBM, pushing branches from 93 to 108; that will double in the current trading period, adding another 20 outlets.

But Williams, by contrast, can hold out the promise of a culture change. Norcros, suggests Williams' chairman, Nigel Rudd, is no Pilkington; he prefers to draw similarities between BTR's earlier (successful) swoop on Thomas Tilling, describing the current target as another "mature conglomerate" and talking of the need to motivate management.

Certainly, the Rudd-McGowan team, which has taken Williams' own market capitalisation from under £500,000 to over £350m in less than six years, shows no lack of dynamism—and the bid may well be decided by respective management records. Yet once pinned down to specifics, differences between the two sides seem to depend as much on market view as broad philosophy.

Williams, for example, attacks the loss of overall share in the tile market, claiming that capital investment has come too late and imports are threatening. Norcros says it has deliberately concentrated on higher-margin products, where market share is being picked up, and points to steady investment to achieve that aim.

Or take UBM. Norcros has earmarked 30 sites for "dual-marketing"—serving trade and DIYers from the same location. Williams argues that the company should stick to its traditional trade role in the South-West, and expand only cautiously. Ten of the 30 sites might be suitable, warns Brian McGowan, William's managing director, adding, "It's a cyclical industry and they're going for masive expansion on paper-thin margins."



Just what Williams would want to weed out of Norcros is unclear. The predator positively drools over the printing side and enthuses about possibilities for the tile business, yet admits that certain "peripheral" interests might go. Disposals, says Rudd, would be minute relative to the whole, hinting at a few million pounds-worth.

But there are also substantial property assets within the group—£60m-worth of freeholds in the last balance sheet—and Norcros has set up a development company "to capitalise on the portfolio."

"We are not into the property development," maintains McGowan, but declines to fix a price-tag on what it might shed.

If the industrial arguments have been fairly predictable what has changed in the course of the bid? At the outset, many suspected that the Williams reputation would make mincemeat of the Norcros management. In fact, the defence is seen as more than creditable.

"They've done a reasonable job on the institutions," says one broker. "We've had them in twice," comments another, "and to be truthful, they put their case more strongly than I expected."

As usual, forecasts themselves are a double-edged sword. Norcros has predicted £53m pre-tax for the year to end-March 1987—which raised few eyebrows—and £62m for the current year. That makes the exit multiple on the cash terms just over 14 and just under 16 on the paper, falling to 12.5 and 14 in 1987-88.

Then if Norcros is anywhere near on beam, Williams should comfortably avoid any dilution, even before including any cost-savings or lower overheads. Rudd maintains firmly that Williams itself is assuming £48m and £55m repectively.

Perhaps the most surprising aspect of the takeover has been Williams' tactics. Not only did it follow up the bid announcement with the exceptionally speedy relase of its offer document but, after two and a half weeks, it declared the offer final and truncated the total bid period to five weeks.

Williams claims it had researched Norcros in depth at the outset and knew exactly what to pay. Then why not go final at the start? "I think I would have done," says Mr McGowan, "but it could be seen as very arrogant. So we waited to see the Norcros defence document and, when there was nothing in it, we made the announcement."

He maintains the move has won no institutional critics—rather relief—and predicts that this aspect which will may well be more widely adopted in the future." Cynics might suggest that Williams costed the bid as carefully as it did the company.

Such thinking would certainly be in character and one thing is for sure—if Williams gets home at this price, its reputation for not overpaying will be mightily enhanced.

Bonded Laminates coming to USM via share placing

BY ALICE RAWSTHORN

The Unlisted Securities Market will gain a rare recruit from the industrial sector on Wednesday when Bonded Laminates Profiles goes public in a placing of shares.

BLP is composed of two companies. Bonded Laminates, which is involved with the manufacture of real wood laminates and continuous wood veneer banding, and Profiles a producer of wrapped mouldings.

Both companies have traded together for several years but have been independently owned. The group was formed in January to bring the two under common ownership. After the placing the business will be capitalised at around £6m.

In 1986, BLP produced pre-tax profits of £704,000 on turnover of £5.47m. This represents a substantial increase on the previous year's £216,000 and £4.24m, although 1985 saw a dramatic drop in profits because of currency losses. BLP has since revised its sourcing strategy and claims to have obviated the risk of the currency problem recurring.

BLP will issue 2.2m shares, or 25.4 per cent of its equity, in the placing. The p/e will be in the low teens. Capel-Cure Myers is acting as the stockbroker to the company and FPG as the issuing house.

The bulk of the capital raised by the placing will go to the founders and their families, but 45 per cent, around £700,000, will be ploughed back into the company.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Allied-Lyons	May 8	Final 6.25	*Northern Foods	Jun 16	Final 3.75
Assoc. British Foods	May 19	Final 4.2	Plessey	May 22	Final 4.172
Aust & NZ Bank	May 19	Interim 15 cts	Polly Peck	May 30	Interim 1.5
BOC	May 21	Interim 4.37	RHM	May 20	Interim 2.12
Bass	May 21	Interim 4.2	Redland	May 29	Final 7.617
Boots	May 29	Final 4.6	*Royal Bank of Scotland	May 6	Interim 4.0
British & Com'wlth	May 15	Final 2.8	Saatchi & Saatchi	May 29	Interim 7.34
*Bunzl	May 21	Final 8.75	Sainsbury J.	May 20	Final 3.85
Coalite	May 28	Final 5.5	Sears	May 13	Final 2.5
*Costain	Apr 29	Final due	Stakis	May 8	Interim 0.45
Courtaulds	May 29	Final 4.75	*Tarmac	Apr 28	Final 11.75
English China Clays	May 15	Interim 4.25	Tate and Lyle	Apr 30	Final 7.2
Extel	May 8	Final 8.0	*Tesco	Apr 29	Final 3.7
*F. R. Group	Apr 29	Final 2.5	*Tootal	Apr 28	Final 2.5
Ferguson Industrial	May 22	Final 5.15	Trafalgar House	May 6	Interim 6.2
Grand Met	May 15	Interim 4.0	U.E.I.	May 8	Final 3.5
Harrisons & Crosfield	May 28	Final 15.5	Utd Scientific	May 19	Interim 2.2
*Inchcape	Apr 27	Final 11.0	*Vaux	Apr 23	Interim 1.18
Land Securities	May 14	Final 6.9	*Wellcome	Apr 28	Interim due
*Marks and Spencer	May 6	Final 2.65	Whitbread	May 21	Final 5.55
*Metal Box	Jun 9	Final 12.9	Wolverhampton & Dudley Brs	May 29	Interim 3.2

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast

FINANCIAL TIMES STOCK INDICES

	Apr. 24	Apr. 23	Apr. 22	Apr. 21	Apr. 16	Apr. 15	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	91.62	91.01	90.63	90.16	90.36	89.89	92.19	84.49	127.4	49.18
Fixed Interest	97.47	97.07	96.79	96.96	96.83	96.55	97.98	90.29	150.4	50.53
Ordinary	1580.9	1555.2	1546.8	1531.9	1540.3	1518.1	1625.2	1320.2	1625.2	49.4
Gold Mines	444.4	435.4	438.3	453.5	444.5	479.9	485.0	288.2	734.7	43.5
FT-Act All Share	1001.33	986.05	981.42	974.59	979.12	966.98	1026.58	835.48	1026.58	61.92
FT-SE 100	2001.5	1968.3	955.7	1940.2	1949.4	1922.2	2056.2	1680.0	2056.2	986.9

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Denmark	DKK	1450	2800	4850
Finland	FMK	870	1580	2690
France	FFR	895	1630	2775
Germany	DM	330	596	1015
Luxembourg	LFR	6040	10980	18670
Netherlands	NFL	365	665	1130
Norway	NOK	1050	1920	3265
Sweden	SEK	1115	1950	3315
Switzerland	SFR	295	545	930
Greece, Italy Spain, Turkey†	DM	380	695	1180

Currency rates are only valid for the country in which they are quoted. †Local currency rates available on request.

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WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	FRIDAY APRIL 24 1987: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	DOLLAR INDEX: 1987 High	1987 Low	Year ago (approx)
Australia (94)	130.65	+1.5	116.89	122.52	2.86	134.48	99.92	94.28
Austria (16)	93.71	+1.4	83.85	87.03	2.11	101.62	91.97	88.85
Belgium (47)	122.35	+2.3	109.47	112.39	4.16	122.35	96.19	82.84
Canada (131)	126.32	−1.3	113.02	122.11	2.29	136.17	100.00	100.21
Denmark (39)	114.32	+1.2	102.28	104.87	2.37	124.10	98.18	108.87
France (122)	121.08	+1.0	108.34	113.44	2.30	121.08	98.39	95.18
West Germany (90)	94.61	−0.1	84.65	88.09	2.09	100.33	84.00	93.88
Hong Kong (45)	102.87	−0.5	92.04	103.00	3.20	114.71	96.89	74.90
Ireland (14)	121.21	+1.5	108.45	114.35	3.66	131.44	99.50	92.20
Italy (76)	111.21	+1.2	99.50	106.14	1.52	111.21	94.76	89.76
Japan (458)	157.78	+0.8	141.17	139.33	0.47	157.78	100.00	73.17
Malaysia (36)	153.30	+1.1	137.16	145.89	2.61	153.30	98.24	68.82
Mexico (14)	157.40	+3.7	140.83	201.87	1.06	159.57	99.72	52.95
Netherland (38)	122.74	+6.8	109.82	113.19	3.86	122.74	99.65	89.13
New Zealand (27)	94.36	−0.9	84.43	85.96	3.15	100.59	83.93	70.68
Norway (24)	139.79	+4.7	125.07	126.46	1.97	139.79	100.00	104.23
Singapore (27)	126.67	+0.4	113.33	124.04	1.89	126.67	99.29	56.68
South Africa (61)	172.32	−3.3	154.18	121.52	3.48	186.74	100.00	94.50
Spain (43)	116.48	+0.5	104.22	110.44	3.42	121.31	100.00	83.38
Sweden (33)	123.51	+1.7	110.51	114.14	2.00	123.51	90.85	92.16
Switzerland (51)	98.46	+0.9	88.10	89.24	1.89	104.06	93.26	84.84
United Kingdom (342)	133.98	+2.9	119.88	119.88	3.44	133.98	99.65	99.77
USA (597)	115.56	−1.8	103.39	115.56	3.11	124.06	100.00	101.76
Europe (935)	118.25	+2.1	105.80	108.20	2.85	118.25	99.78	94.46
Pacific Basin (687)	154.75	+0.8	138.46	137.41	0.61	154.75	100.00	73.89
Euro–Pacific (1622)	140.18	+1.2	125.43	125.78	1.37	140.18	100.00	82.00
North America (728)	116.13	−1.7	103.90	115.93	3.06	124.60	100.00	101.68
World Ex. US (1828)	140.05	+1.1	125.31	125.71	1.42	140.05	100.00	82.74
World Ex. UK (2083)	130.14	−0.2	116.44	122.36	1.86	131.27	100.00	89.30
World Ex. So. Af. (2364)	130.20	+0.1	116.50	122.08	1.99	130.72	100.00	90.16
World Ex. Japan (1967)	117.50	−0.4	105.13	113.44	2.99	121.08	100.00	98.34
The World Index (2425)	130.47	+0.1	116.74	122.11	2.01	131.01	100.00	90.19

Base values: Dec 31, 1986 = 100
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CONSTITUENT CHANGES: Baker International and Hughes Tool merged to form Baker Hughes (USA)
Aker Mek. Verksted and Norcem merged to form Aker-Norcem (Norway)
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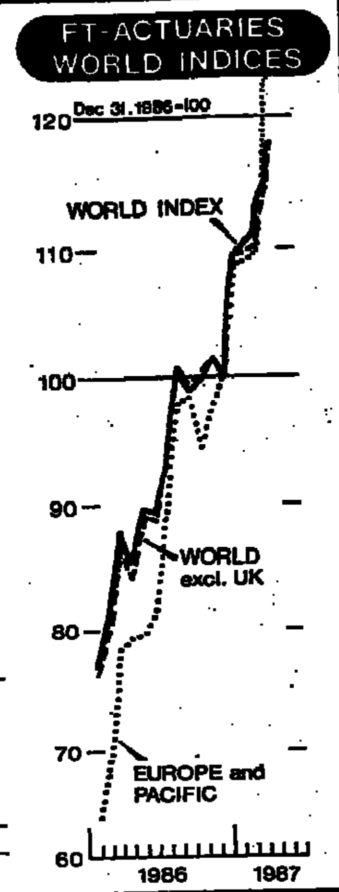


EUROPEAN OPTIONS EXCHANGE

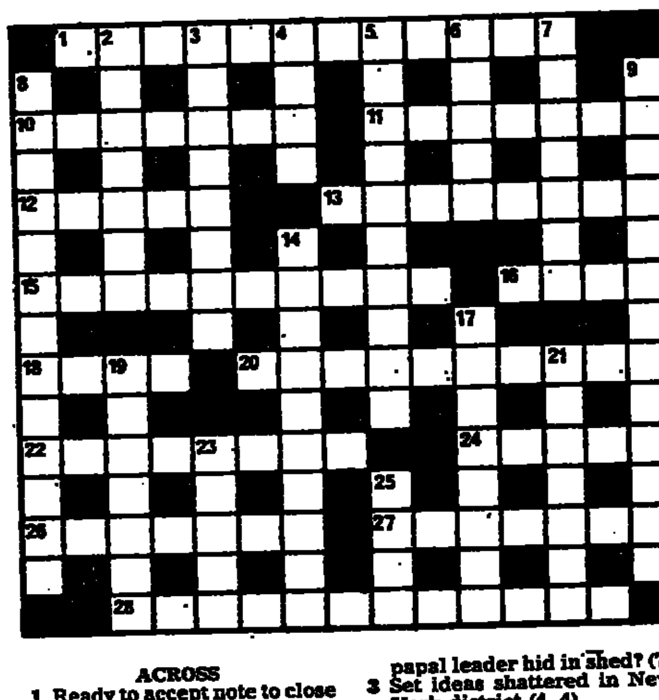
Series		May 87 Vol.	Last	Aug 87 Vol.	Last	Nov 87 Vol.	Last	Stock
GOLD C	$420	173	45	175	58	—	—	$461.30
GOLD C	$440	643	27	81	47.50	67	56	"
GOLD C	$460	1422	14.50	358	32	40	42	"
GOLD C	$480	1735	7.20	216	24	144	33.50	"
GOLD P	$420	41	1	13	7	—	—	"
GOLD P	$440	418	2.70	52	11.50	—	—	"
GOLD P	$460	597	9	40	17.50	—	—	"
GOLD P	$480	15	25	55	27	—	—	
		Jun 87		Sep 87		Dec 87		
SILVER C	$700	42	240	19	250	—	—	$928
SILVER C	$750	—	—	55	215A	12	210A	"
SILVER C	$800	77	145A	104	158	—	—	"
SILVER C	$850	93	110	12	145B	33	160A	"
SILVER P	$700	60	8	—	—	—	—	"
SILVER P	$850	28	30	44	55	42	65A	
		Apr 87		May 87		Jun 87		
$/FI C	FI.190	50	13A	—	—	—	—	FI.202.55
$/FI C	FI.195	135	8A	—	—	—	—	"
$/FI C	FI.200	33	2.80A	129	4	73	5.20	"
$/FI C	FI.205	225	0.05	308	1	260	2.50	"
$/FI C	FI.210	—	—	75	0.55	73	1	"
$/FI P	FI.200	116	0.10	307	1.60	115	2.70	"
$/FI P	FI.205	357	2	460	4.10	65	5.50	"
$/FI P	FI.210	271	7.60	53	8.50B	36	9	"
$/FI P	FI.220	—	—	—	—	75	18B	
		Sep 87		Dec 87		Mar 88		
$/FI C	FI.200	68	7	—	—	—	—	FI.202.55
$/FI C	FI.205	32	4.50	28	5.70	—	—	"
$/FI C	FI.210	70	2.50	43	3.50	—	—	"
$/FI C	FI.220	—	—	73	1.70	—	—	"
$/FI C	FI.235	—	—	110	0.40	—	—	"
$/FI P	FI.200	16	5.50	—	—	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	FI.500	299	10	82	24	1	31A	FI.511
ABN P	FI.520	301	9	144	29	12	41	"
AEGON C	FI.90	467	0.10	180	5.30	17	6.80	FI.90
AEGON P	FI.90	229	0.10	65	4.80	3	6.30	"
AHOLD C	FI.105	209	3	6	6.50	—	—	FI.107.50
AHOLD P	FI.110	242	2	84	6.50	—	—	"
AKZO C	FI.140	244	0.10	351	3.40	59	6.20	FI.136.10
AKZO P	FI.140	1049	3.70	214	11	12	11.30B	"
AMEV C	FI.65	—	—	44	3.20	20	4.40	FI.63.90
AMEV P	FI.65	63	1.50A	39	4	36	5.70	"
AMRO C	FI.80	—	—	257	3.90	77	5.30	FI.77.20
AMRO P	FI.80	499	2.40A	304	4.80	71	6.50	"
ELSEVIER C	FI.50	195	1.10	209	3.70	—	—	FI.51.40
ELSEVIER P	FI.50	332	0.10	75	1.70	—	—	"
GIST-BROC. C	FI.45	1002	1.50	217	3.10	43	4.20	FI.46.50
GIST-BROC. P	FI.45	5	0.10	194	2.40	12	3.50	"
HEINEKEN C	FI.180	611	0.10	122	7	11	8.90	FI.178.50
HEINEKEN P	FI.180	181	0.50	16	7	—	—	"
HOOGOVENS C	FI.40	2386	0.10	489	2.50	153	3.60A	FI.39.10
HOOGOVENS P	FI.40	451	1	216	4.50	348	5	"
KLM C	FI.40	656	1.50B	74	3.90	20	4.30	FI.41.50
KLM P	FI.45	71	3.50	25	4.90	100	6	"
NED. LLOYD C	FI.150	56	0.50	334	6	120	9.50	FI.150
NED. LLOYD P	FI.150	582	1.30	543	12.10	131	15.10	"
NAT. NED. C	FI.70	206	3.10	25	6	44	6.80	FI.73.30
NAT. NED. P	FI.75	370	1.80	53	4.90	—	—	"
PHILIPS C	FI.50	5792	0.20	1056	3.30	244	4.90	FI.49.90
PHILIPS P	FI.50	1534	0.10	1282	2.50A	290	3.70	"
ROYAL DUTCH C	FI.250	1206	0.10	652	4.50	60	7	FI.243
ROYAL DUTCH P	FI.240	730	0.10	221	9	12	14	"
ROBECO P	FI.100	52	0.50	5	2.10	—	—	FI.99.70
UNILEVER C	FI.580	637	0.90	188	22.50	59	33	FI.577
UNILEVER P	FI.580	573	4	220	26.50	14	32	"

TOTAL VOLUME IN CONTRACTS: 67,650

A=Ask B=Bid C=Call P=Put

F.T. CROSSWORD PUZZLE No. 6,312

PROTEUS



ACROSS

1 Ready to accept note to close gap between London banks? (6, 6)
10 A drunken sot following child's method of painting (7)
11 Journey to find oil-source in Africa (7)
12 Former county model held by Germans (5)
13 Rock found by pope wandering round Ireland (8)
15 Woollen material needed for American female clergy (10)
16 "Bride of Zeus" by male artist (4)
18 Bend down to extract first herb (4)
20 Though sweet she means nothing to us (5, 5)
22 It may illuminate point nun-to-be is forced to accept (4, 4)
24 Overlooking rare literary excerpt from workman (5)
26 Scant respect shown for emblem of kingship (7)
27 Element disturbing goal-bird on the outside (7)
28 Touch the lowest depths in assault on Shakespearean (6, 6)

DOWN

2 Naval engagement where papal leader hid in shed? (7)
3 Set ideas shattered in New York district (4, 4)
4 Where king had to go without trifle (4)
5 Going back to pay for a fresh round of drinks perhaps (10)
6 Go out in car and have a stroke (5)
7 Point to one bit of black vulcanised rubber? (7)
8 Trawling for instance may prove dubious enterprise (5, 8)
9 Music bearing on what girl wears for show perhaps (3, 2, 1, 1-6)
14 Type of bone damage boxing referee calls for (5, 5)
17 Lent mate unfortunate woman's cloak (8)
19 Scowls at luminous beetles (7)
21 Brisk sort of a roll for example (7)
23 Trouble-leader put to rout by teacher? (5)
25 Young animal swallowing hot fish (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

BASE LENDING RATES

	%
ABN Bank	10
Adam & Company	10
Allied Arab Bk Ltd	10
Allied Dunbar & Co	10
Allied Irish Bank	10
American Exp. Bk	10
Amro Bank	10
Henry Ansbacher	10
ANZ Banking Group	10
Associates Cap Corp	11
Authority & Co Ltd	10½
Banco de Bilbao	10
Bank Hapoalim	10
Bank Leumi (UK)	10
Bank Credit & Comm	10
Bank of Cyprus	10
Bank of Ireland	10
Bank of India	10
Bank of Scotland	10
Banque Belge Ltd	10
Barclays Bank	10
Benchmark Tst Ltd	10
Beneficial Trust Ltd	11
Berliner Bank AG	10
Brit. Bk. of Mid. East	10
● Brown Shipley	10
Business Mortgage Tst	10
CL Bank Nederland	10
Canada Permanent	10
Cayzer Ltd	10
● Charterhouse Bank	10
Citibank NA	10
Citibank Savings	¶12.45
City Merchants Bank	10
Clydesdale Bank	10
Comm. Bk. N. East	10
Consolidated Cred	10
★ Co-operative Bank	10
Cyprus Popular Bk	10
Duncan Lawrie	10
E.T. Trust	11
Equatorial Tst C'p plc	10
Exeter Trust Ltd	10½
Financial & Gen. Sec	10
First Nat. Fin. Corp	11
First Nat. Sec. Ltd	11
● Robert Fleming & Co	10
Robert Fraser & Ptrs	11½
Grindlays Bank	‡10
● Guinness Mahon	10
HFC Trust & Savings	10
● Hambros Bank	10
Heritable & Gen. Tst	10
● Hill Samuel	§10
C. Hoare & Co	10
Hongkong & Shangh'	10
Lloyds Bank	10
Mase Westpac Ltd	10
Meghraj & Sons Ltd	10
Midland Bank	10
● Morgan Grenfell	10
Nat Credit Corp. Ltd	10
Nat Bk. of Kuwait	10
National Girobank	10
Nat Westminster	10
Northern Bank Ltd	10
† Norwich Gen. Trust	10
PK Finans. Intl (UK)	10½
Provincial Trust Ltd	11
R. Raphael & Sons	10
Roxburghe G'rantee	10½
Royal Bk of Scotland	10
Royal Trust Bank	10
Smith & Williamson Secs	10
Standard Chartered	10
Trustee Savings Bank	10
UDT Mortgage Exp.	¶11.1
United Bk of Kuwait	10
United Mizrahi Bank	10
Unity Trust PLC	9½
Westpac Banking Corp	10
Whiteaway Laidlaw	10½
Yorkshire Bank	10

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Sunwise 8.05%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¼% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	173	......	u2.13	3.6	1.7	22.6
§180	F.P.	15/5	201	189	Airtours 10p	191	......	R5.4	2.5	3.9	13.9
§115	F.P.	20/5	138	128	Bellwinch 10p	136	......	R3.2	3.7	3.1	11.4
§115	F.P.	8/5	143	133	Brooks Service Group	140	−3	L3.6	2.2	3.6	15.3
§80	F.P.	8/5	170	150	‡Burford Group	165	......	u1.2	3.2	1.0	42.5
130	F.P.	8/5	195	129	Cambridge Instru. 5p	130	+1	R0.7	8.8	0.7	14.8
§200	F.P.	11/5	226	211	Castle Comms. 5p	215	......	R7.0	2.2	4.5	13.7
115	F.P.	—	115	107	Church (Charles) 5p	107½	+½	R2.75	3.10	3.4	12.8
§130	F.P.	—	153	145	Cooper (Alan) 10p	150	+4	M4.0	2.5	3.6	15.1
§125	F.P.	29/5	153	145	Cundell Group 10p	150	......	W3.19	3.1	2.9	15.4
§155	F.P.	15/5	195	170	‡Epsda Group 10p	193	−2	L4.0	2.6	2.8	18.9
§120	F.P.	29/5	181	160	‡Filofax 5p	175	−4	u2.7	2.8	2.0	23.5
§125	F.P.	—	137	128	‡Forward Group 5p	128	......	u2.2	9.2	2.3	17.1
§112	F.P.	1/5	129	123	‡Honeysuckle Gr'p 2p	123	−2	R4.1	2.5	4.6	12.0
‖	F.P.	—	£12½	£11¼	Huntingdon Intl. 5p	£12¼	......	—	—	—	10.8
§120	F.P.	24/4	211	185	Mallett 5p	183	......	u3.0	3.1	2.2	19.6
§120	F.P.	29/5	127	123	‡March Group 5p	124	......	L4.2	2.4	4.5	12.3
§114	F.P.	8/5	127	114	Melville Street Inv.	125	......	1.4	1.2	1.5	—
—	—	—	35½	25	Do. Warrants	35½	+1½	—	—	—	—
225	F.P.	24/4	342	225	Mercury Asset Mgmt. 5p	308	......	RQ2.57c	5.2	1.4	13.2
§106	F.P.	—	114	113	‡Orchid Technology‖	114	+3	u2.5	4.5	1.8	16.6
§180	F.P.	1/5	198	180	Perpetual 10p	193	......	R4.26	2.25	4.3	12.7
120	F.P.	26/3	155	127	‡Prism Leisure Corp 10p	135	−1	L3.91	2.1	5.4	12.0
§95	F.P.	10/4	102	97	RCO 10p	99	......	u2.19	2.4	4.2	12.5
§55	F.P.	—	72	64	‡RKF Group 10p	72	+3	b4.5	2.5	3.7	14.8
§140	F.P.	1/5	181	163	‡Reliance Sec. Group 5p	165	......	R3.25	3.5	2.4	14.7
§140	F.P.	15/5	181	171	Waterglade Intl. 5p	178	+3	L3.4	3.0	3.4	13.3
130	F.P.	16/3	146	134½	Wilson Bowden 10p	136	......	u2.63	2.8	1.8	26.3
§120	F.P.	29/4	192	145	‡Wyevale Gdn. Cen. 50p	194	......	R4.41	3.5	2.2	17.1
§133	F.P.	22/5	148	140	YRM 10p	146	+1				

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§98.919	F.P.	29/5	101	95	Asda Prop. 10⅜% 1st Mort. Deb. 2011	99	+½
‖	£30	3/6	49	38	DixonsGrpNon-Int-brng.Cv.Un.Ln(£1)	42	+½
—	F.P.	—	129p	112p	Heywood Williams Cum. Cnv. Red. Prf	129p	+2
§100.156	£30	—	30⅛	30⅛	Land Securities New 10% 1st Mt Db '25	30⅛	......
—	F.P.	—	100⅛	100	Nationwide 9⅝%Bds.11/4/88	100	......
—	£25	—	25	22¼	Do. 3⅞% I-L Ln 2021	22¼	......
‖	Nil	30/6	1½pm	¼pm	Second Mkt. Inv. 2½% Cnv Uns Ln '94	¼pm	......
§98.819	£20	11/9	24⅜	18¾	TR City of Lon. Tst. 10¼% Deb 2020	21½	+½
100.179	F.P.	24/6	102	98	Tops Estates 10¼% 1st Mort. Deb. 2011/16	99⅛	......
8.25	Nil	—	85pm	75pm	Do New 7½% Cnv. Uns. Ln. 2014	85pm	......
§99.016	£25	29/5	26¼	25⅛	Town Centre Secs. 10½% 1st Mort.Deb.2021	26¼	+¾
—	£30	9/10	31¼	30	Tribune Inv. Tst. 9⅛% Deb 2012	31⅛	+⅞
§98.09	£25	—	26⅛	25⅞	Vaux 9¾% Deb. 2015	26⅛	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
11	Nil	—	9¼pm	8pm	Astra Ind'l. 5p	8pm	−1¼
170	Nil	—	9pm	3pm	Campari Intl. 20p	9pm	+5
320	Nil	—	38pm	36pm	DPCE 5p	38pm	......
80	Nil	—	26pm	21pm	Micro Business Systems 5p	26pm	......
5	Nil	22/5	40pm	23pm	‡New England Props. 5p	35pm	+12
60	Nil	3/6	4½pm	1¼pm	Senior Eng. 10p	3pm	−½
385	Nil	—	95pm	90pm	Speyhawk	95pm	+5
157	Nil	—	12pm	7pm	Weir Group	11½pm	+½

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." §§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	273.2	290.6xd	+2.1	5.09
(Accum Units)	338.4	360.0	+2.4	5.09
UK Growth	341.8	363.6xd	+4.5	2.66
(Accum Units)	364.1	387.3	+4.5	2.66

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst	40.5	42.5	+0.8	1.74
MLA Income Trust	54.5	57.7	+0.4	3.99
MLA Int	61.7	65.3xd	-0.1	0.81
MLA Gilt Unit Tst	26.0	26.7	+0.4	9.73
MLA European Trust	55.0	57.1xd	-0.1	0.67
MLA American Tst	26.7	28.3	-0.2	0.88
MLA Emerging Nats. Tst	23.9	25.3	-0.1	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int	120.2	126.4	—	7.05
Growth Units	97.8	103.9	—	2.22
High Income Unit	137.5	146.1xd	—	4.04
High Yielding Gilt Uts	60.7	62.8xd	—	8.41
Intl Growth Unit Tst	159.2	169.2xd	—	0.16
UK Smaller Cos.	110.5	117.4	—	1.99
North American	82.1	87.2	—	0.34
Far East	143.1	152.1	—	0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income April 13	296.0	314.9xd	—	3.55
General April 13	231.8	246.6xd	—	1.99
International April 13	155.0	164.9xd	—	0.84
Global Inc Fd April 13	48.6	51.7xd	—	5.08

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	165.9	175.5xd	—	4.12

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	302.3	322.7	.....	0.97
Income	228.5	243.4xd	+2	3.68
Worldwide Recovery	165.1	176.3	-1.7	1.63
American Growth	72.3	77.2	-1.2	0.90
Intl. Emerging Cos.	91.2	97.4	-0.7	0.69
Far East Growth Fd.	97.1	103.7	-0.1	0.75
European Growth Fd	65.0	69.4	+0.2	1.05

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	57.8	61.5	-0.8	3.86
Prolific C'vert & Gilt	117.0	124.5	+0.7	4.71
Prolific Euro Gth&In	51.6	54.9	—	2.57
Prolific Extra Inc	115.5	123.5	+1.1	3.55
Prolific Far East	213.1	228.0xd	+1.1	—
Prolific High Inc	78.4	83.9xd	+0.7	3.99
Prolific Intl	145.1	154.4	-0.4	0.26
Prolific N. Amer.	128.2	137.2xd	-2.5	—
Prolific Spec. Sits	94.4	101.0	+0.4	0.81
Prolific Technology	139.9	149.7	-3.0	—

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	102.7	108.2xd	+1.4	0.00
Japan Acc	103.9	108.5	+1.7	0.00
Worldwide Inc	78.2	82.8xd	+0.2	1.09
Worldwide Acc	79.5	84.2	+0.2	1.09
European Tst Inc	96.4	102.4	+0.4	0.34
European Tst Acc	97.3	103.3	+0.4	0.34
North American Inc	63.0	67.1	-0.8	1.28
North American Acc	63.9	68.0	-0.8	1.28
UK Equity Inc	90.8	96.4	+0.9	1.92
UK Equity Acc	84.4	89.8	+0.9	1.92
UK High Inc Eqty Inc	59.1	62.9	+0.5	4.85
UK High Inc Eqty Acc	60.2	64.1	+0.5	4.85
Hong Kong Trust	44.6	47.3	-0.8	0.38
Swiss Equities Trust	46.3	49.0	+0.3	1.36

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	96.0	102.2	—	0.70
PM Income and Growth	87.1	92.7	—	3.44
PM N American Growth	52.8	56.1xd	—	0.36

Scottish Widows' Fund Management

Sentinel Funds Mngmt Ltd

Smith & Williamson Unit Trust Mngrs

Standard Life Trust Mngmt. Ltd

Waverley Asset Management Ltd

Wellington Fund Mngrs Ltd

WestAvon Unit Trust Managers Ltd

Whittingdale Unit Trust Managers

Windsor Trust Mngrs Ltd

Wright Seligman Fund Managers Ltd

The Yorkshire General Trust

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Albany Life Assurance Co Ltd

British National Life Assurance Co Ltd

Canada Life Group

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical Managed Funds Ltd

Continental Life Insurance PLC

Cornhill Insurance PLC

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Devonshire Life

Eagle Star Insurance Co Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd

Friends' Provident

FS Assurance Limited

Gartmore Fund Managers Ltd

General Accident Linked Life Assurance

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Plc

The LAS Group

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

London Life

London & Manchester Group

M & G Group

Contd. on next Page

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS—Contd

FOREIGN BONDS & RAILS—Contd

AMERICANS

F May Au	NYNEX $1	375¼ 26.3	$3.48	—	5.7
Ja Ap Jy Oc	PHH	21¾ 6.1	$1.04	—	2.9
Feb My Ag No	PacifiCorp $3.25	20¼ 15.10	$2.40	—	7.3
—	Pacific Telesis $0.10	14¼ 12.85	$1.64	—	6.9
Fe My Au No	Pall Corp. 25c	18¼ 28.10	34c	—	1.2
Mar Jun S D	Pennzoil 83c	45¾ 24.2	$2.20	—	3.0
F Apr Au N	Pillsbury	23½ 28.1	$1.00	—	2.6
Jly Oc Jan Apr	Quaker Oats $5	27¼ 18.3	80c	—	1.8
My Jn Se De	RJR Nabisco Inc.	32¼ 5.2	$1.60	—	3.8
Jan Apr Jly O	Rep NY Corpn $5	29 10.3	$1.16	—	2.4
F May Au N	Rexnord $5	15¾ 10.11	44c	—	1.7
Mar Jun S D	Rockwell Intl. $1	17¼ 18.2	$1.32	—	4.6

Continued on next page

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due	Stock	Price £	Last xd	Div % Gross	Red. Yield
—	Chinese 4½pc 1898	23	—	—	—
31Mar 30Sep	Do. 5pc 1912	23	—	—	—
1Jan 1July	Do. 5pc 1913	23	—	—	—
15Jan 15July	Do. 5pc '25 Boxer	16	—	—	—

Warburg Investment Management Jersey Ltd
39-41 Broad St, St Helier, Jersey, CI 0534 74715

Warburg Inv Mngmt (Isle of Man) Ltd
1 Thomas Street, Douglas, Isle of Man. 0624 29956

Merc IoM Fund	99.6	105.4	+0.4	4.05
Merc IoM Bond	51.3	54.6	+0.2	5.5

Wardley Fund Managers (Jersey) Ltd
HK Bk. Bldg, Grenville St, St Helier 0534 27364

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765

Japan Meta Growth	$13.59	+0.36	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$22.83		—
Dynamic Gwth Fd	$26.30		—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.05	12.77		—

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc Minerva Hse, Montague Cl, London, SE1 01-378 2576				
£250-£2,500	8.00	6.03	8.43	Qtr
£2,500+	10.00	7.53	10.60	Qtr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	9.25	6.75	9.75	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.93	10.00	Qtr
[illegible] £1000-£5000	9.00	6.73	9.72	Mth
Mth. Int. Chq. £5,000+	9.25	6.93	10.05	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.47	12.06	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.10	6.84	9.60	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.00	6.75	9.40	Qtr
Benchmark Trust Ltd 9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	9.25	6.96	9.84	Mth
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	9.25	6.93	9.59	Qtr.
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	10.50	7.85	11.49	Mth
Royal Bank of Scotland plc 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	9.12	6.85	9.45	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	8.97	6.75	9.56	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	9.37	7.05	9.91	Qtr
Money Acc	9.30	7.00	9.84	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	9.25	6.969	9.85	Mth
£10,000 and above	9.500	7.157	10.12	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 224141				
High Int Chq Acc	9.81	7.38	10.04	Qtr
Wimbledon & South West Finance Co Ltd 114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	11.25	8.47	11.90	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	9.38	7.01	9.95	3-mth
CAFCASH 7-day Fund	9.30	6.95	9.87	3-mth
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	9.60		9.95	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	9.58	7.16	10.11	6mth
7-day Fund	9.51	7.11	10.03	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	9.68	7.28	10.15	6-Mth
7-day Fund	9.32	7.01	9.77	6-Mth
Dollar	5.06	3.01	5.29	6-Mth

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ϕ Yield column shows annualised rates of NAV increase. xd ex dividend.

LONDON SHARE SERVICE

AMERICANS—Continued

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Oc Ja Ap Jly	Sara Lee $1	27½xd	24.12	$2.00	—	4.5
Mr Je Se Dec	Saul (B. F.) $1	10⅞	7.4	20c	—	1.2
Fb My Ag No	Southwestern Bell $1	64¼	7.4	$6.96	—	6.6
—	Staley Continental	16	—	80c	—	3.1
Mr Je Se Dec	Sun Co. Inc. $1	38¾xd	5.11	$3.00	—	4.7
Ma Ju Se Dec	TRW Inc. $1¼	61⅛xd	10.2	$3.20	—	3.2
Mr Jn Sp Dec	Tenneco $5	27⅝	4.11	$3.04	—	6.7
June Dec	Do. 10pcLn.Stk. 91-5	107½xd	24.11	10%	—	15.4
Mr Je Se Dec	Texaco $6.25	19¼xd	31.7	$3.00	—	9.6
Mr Jn Se Dec	Time Inc. $1	54⅞	22.8	$1.00	—	1.1
Ja Ap Jy Oc	Tracor $0.33	12¼	16.9	36c	—	1.8
Ja Ap Ju Oc	Transamerica $1	20⅞xd	31.3	$1.76	—	5.3
Fe My Au No	Transworld Corp $5	10¼	11.11	20c	—	1.2
—	TRINOVA Corp.	38¼	—	N$1.00	—	1.6
Mr Je Se Dec	USX $1	17¾	30.10	$1.20	—	4.1
Ag Nv Fb Jn	Union Carbide $1	17⅞	4.11	$1.50	—	5.1
Mr Jn Sp Dc	Utd. Technologies	27⅞	16.2	$1.40	—	3.1
Fb My Ag No	US West	30¼xd	13.4	$3.28	—	6.7
Mr Je Se Dec	Woolworth $3½	30	19.11	$1.32	—	2.7

CANADIANS

BANKS, HP & LEASING

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

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LONDON SHARE SERVICE

INSURANCES—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan July	PWS Holdings 10p	318	9.2	g9.25	2.9	4.1	11.6
—	Pearl Group 5p	359	—	10.5	—	4.1	—
Nov. May	Prudential	818xd	6.4	29.0	—	4.9	—
Nov. May	Refuge 5p	449	23.3	15.75	—	4.8	—
Jan. May	Royal	976	23.3	31.0	—	4.7	—
April Oct.	Sedgwick Group 10p	294	9.3	12.0	1.7	5.6	12.6
May Nov	Steel Burrill J.10p	243xd	6.4	9.0	2.0	5.1	13.5
Nov. July	Stewart Wr. 20p	424	29.9	13.0	2.0	4.3	14.7
Mar Sept	Sturge Hldgs 20p	475xd	26.1	16.0	2.5	2.0	27.5
Jan. July	Sun Alliance	868	24.11	23.5	—	3.8	—
June Nov	Sun Life 5p	£11¼xd	6.4	28.5	—	3.5	—
April	ΨTaisho M EDR	£44¾	25.3	q10%	—	0.6	—
Fb My Au Nv	Torchmark $1.00	£27⅛	9.1	Q60c	—	2.1	—
Nov. May	Trade Indemnity	325xd	6.4	4.3	—	1.8	—
Ma Ju Se De	Travelers $1.25	£27⅛	27.1	$2.28	—	3.1	—
Dec June	USLIFE Corp. $1.0	£23⅞	5.11	Q$1.20	3.2	3.1	5.2
June Nov	‡Utd Friendly B 10p	595	13.10	17.2	—	4.0	—
May Nov	Willis Faber 12½p	398	29.9	10.75	◆	3.8	◆
Mar July	Windsor Secs. 10p	59	22.12	0.7	1.5	1.6	54.7

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Anglo-Dominion	118	—	—	—	—
—	ΨColby Res Corp	68	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	225	12.1	α060c	4.4	8.3
—	ΨEssex Int. Ir10p	57	—	—	—	—
—	Greenwich Res	264	—	—	—	—
—	ΨHighwood Res	33½	—	—	—	—
Fb Jun Ag Nv	Homestake Mining $1	£23⅛	29.1	Q20c	—	0.5
—	ΨMcFinley Red Lake	395	—	—	—	—
—	ΨMusto Explorations	106	—	—	—	—
—	ΨNew Sabina Res C$1	83	—	—	—	—
—	Northgate C$1	558	777	—	—	—
—	Nor-Quest Resources	226	—	—	—	—
Jan. July	RTZ	958	27.10	23.5	◆	3.4
Jan July	Do. 9⅝pcLn '95-2000	£195¼	27.10	Q9½%	15.5	14.9

THIRD MARKET

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—	Abelscot Group 10p	395	—	9.2	—	1.1	—
—	Aberdeen Am Pet 10p	29	—	—	—	—	—
—	Allied Ins. Brokers	128	—	t3.5	2.5	4.1	13.9
—	Catalyst Comm. 5p	50	—	—	—	—	—
—	Corton Beach 10p	61	—	—	—	—	30.3
—	Edenspring Investment	195	—	—	—	—	—
—	Eglinton Oil Ir.5p	42	—	—	—	—	—
—	Do. Warrants	30	—	—	—	—	—
—	Publishing Hldgs 5p	31	—	—	—	—	18.0
—	Theme Holdings	49	—	1.0	◆	2.9	◆
—	Unk Group	113	—	θ4.6	2.5	5.6	(8.1)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- Ψ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	.....	Fin. 13% 97/02	£114⅛	+2⅛
Craig & Rose £1	£15¾	+¼	Arnotts	310	.....
Finlay Pkg. 5p	76	+6	CPI Hldgs	55	.....
Holt (Jos) 25p	913	.....	Carroll Inds.	123	.....
IoM Stm. £1	96	.....	Dublin Gas	23	+5
			Hall (R. & H.)	104xd	−2
IRISH			Helton Hldgs.	27	.....
Fund 11¾% 1988	£100⅛	+⅛	Irish Ropes	150	.....
Nat. 9¾% 84/89	£97⅛	+½	Unidare	350	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	95
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	28
BTR	30	Racal Elect	29
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	28
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	Property	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	38
Grand Met	40	MEPC	32
GUS 'A'	180	Peachey	30
Guardian	85	Oils	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	Mines	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

DIARY DATES

Trade fairs and exhibitions: UK

Current
London International Furniture Show (01-385 1200) (until May 4) — Earls Court

Current
International Confectionery Market Exhibition — INTERCONFEX (01-661 4900) (until April 28) — NEC, Birmingham

Current
Incentive Marketing Exhibition (01-686 9200) (until April 29) — Brighton Metropole

April 27-30
Audio Visual Exhibition (01-688 7788) — Wembley Conference Centre

April 28-30
British Electronics Week (0799 26699) — Olympia

April 29-30
London Engineering Design Show (0895 58431) — Sandown Exhibition Centre

May 1-13
Northern Ideal Home Exhibition (0602 501202) — G-Mex Centre, Manchester

May 2-4
Photographic Exhibition (01-661 4900) — NEC, Birmingham

May 7-9
Scottish Freight Transport and Distribution Exhibition Conference (01-642 7688) — Aviemore Centre

May 10-13
Business to Business Exhibition (01-729 0677) — Barbican Centre

May 12-15
Automated Manufacturing Exhibition and Conference—AUTOMAN (01-891 5051); Quality Assurance & Production Inspection Technology Exhibition INSPEX (01-940 6066) — NEC, Birmingham

Overseas

Current
International Computer & Office Automation Exhibition—KIECO (01-439 0501) (until April 28) — Seoul

Current
International Wire and Cable Production and Wire Products Exhibition—WIRE ASIA (08833 7755) until April 30 — Beijing

May 5-9
International Footwear and Leather Goods Show (01-379 0765) — Taipei

May 6-10
International Contract Floor Coverings Exhibition (01-734 0543) — Frankfurt

May 8-13
International Industrial, Automation, Process Control Technician and Equipment Exhibition CHINA INPROTECH (02403 29406) — Beijing

May 17-20
Business Efficiency Exhibition—BEE/OFEX (02403 29406) — Hong Kong

May 20-28
International Technical Fair (spring) (021-705 6707) — Budapest

Business and Management Conferences

April 27
Financial Times: The regulatory issues facing foreign banks in London (01-621 1355) — Barber-Surgeons' Hall, London

April 29
NEDC in association with FT: Enterprise, success and jobs: people—the key to success (01-621 1355) — Queen Elizabeth II Conference Centre, SW1

May 1
HS Conference Studies: Stansted Airport and the Essex/Hertfordshire Interface—opportunities for development (01-935 2382) — Cafe Royal, W1

May 4-7
The Textile Institute: World conference—textiles: product design and marketing (061-834 8457) — Como

May 6-7
Financial Times: The fifth FT manufacturing forum (01-621 1355) — Hotel Inter-Continental, W1

May 11-12
Financial Times: World Textiles into the 1990s (01-621 1355) — Hotel Intercontinental, W1

May 11-12
Practising Law Institute: Foreign Investment in the United States after the Tax Reform Act of 1986 (NY (212) 765-5700) — New York Hilton

May 11-15
ISATA: 16th International Symposium on Automotive Technology and Automation (01-680 8659) — Florence

May 12
Institute of Directors: The Inland Revenue and the Company Executive (01-839 12331) — 116 Pall Mall, SW1

May 13
Longman Seminars: Defaulting debtors: how to avoid them and what to do if you fail (01-242 4111) — Cavendish Conference Centre, W1

May 13-14
Financial Times: The tenth FT World electronics conference (01-621 1355) — Inn on the Park, W1

May 18-19
Financial Times: European banking conference (01-621 1355) — Milan

May 18-20
IMECHE: European congress on fluid machinery for the oil, petrochemical and related industries (01-222 7899) — The Hague

May 19-20
Campaign Marketing: The advertising and marketing conference (01-680 7525) — Royal Lancaster Hotel, W2

May 19-21
Spectra: Retail Europe '87 (0734 794161) — Novotel, London

May 27-28
Crown Eagle Communications: International trade finance (01-242 4111) — Tower Hotel, E1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Parliament

TODAY

Commons: Consumer Protection Bill, second reading. Parliamentary and Other Pensions Bill, second reading. *Motion on the Coal Industry* (Restructuring Grants) Order.

Lords: Banking Bill, third reading. Criminal Justice Bill, second reading.

Select committees: Public Accounts — subject: internal audit and central government; internal audit in the National Health Service. Witnesses: Sir Peter Middleton, Treasury; Mr L. H. Peach, DHSS (Room 16, 4.45 pm). Treasury and Civil Service—subject: supply estimates. Witnesses: Treasury and other Chancellor's departments (Room 8, 4.45 pm).

TOMORROW

Commons: Opposition debate on housing, a major cause for concern, followed by Opposition debate on the proposed privatisation of Rolls-Royce. Motion on the Stansted Airport Aircraft Movement Limit Order.

Lords: Housing (Scotland) Bill, committee on re-commitment. Abolition of Domestic *Rates (Scotland) Bill*, report. Irish Sailors and Soldiers Land Trust Bill, second reading.

Select committees: Education, Science and Arts—subject: special educational needs. Witnesses: DES officials (Room 17, 4.15 pm). Transport—subject: decline in the UK registered merchant fleet. Witnesses: Lloyd's Register of Shipping; British Ports authority (Room 17, 4.15 pm). Parliamentary Commissioner for Administration—subject: reports for 1986. Witnesses: Mr C. W. France, Permanent Secretary, Department of Health and Social Security, and officials (Room 5, *4.30* pm).

WEDNESDAY

Commons: Finance Bill, consideration in committee.

Lords: Debate on the Green Paper Trade Unions and their Powers. Agricultural Training Board Bill, second reading. AIDS (Control) Bill, second reading. Unstarred question on the future of Hampstead Heath.

Select committees: Energy — subject: energy *efficiency* year. Witness: Rt Hon Peter Walker, Energy Secretary (Room 8, 11 am). Social Services — subject: problems associated with AIDS. Witnesses: Board of Social Responsibility of the Church of England; Royal College of Obstetricians and Gynaecologists (Room 21, 4.15 pm). Joint Committee — private bill procedure. Witnesses: British Retailers' Association; CBI; Co-operative Union Ltd; London Chamber *of* Commerce; National Chamber of Trade. (Room 4, 4.30 pm).

THURSDAY

Commons: Finance Bill, consideration in committee.

Lords: Abolition of Domestic Rates (Scotland) Bill, report. Crossbows Bill, second reading.

FRIDAY

Commons: Private members bills.

Finance

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

[illegible]

BOARD MEETINGS—

[illegible]

DIVIDEND & INTEREST PAYMENTS—

[illegible]

Halifax Bldg Soc Fltg Rate Ln Nts 1996 £44.10

Inch Kenneth Kajang Rubber 10p

National Westminster Fin Gtd Fltg Rate Cap Nts 1992 $157.99

North Surrey Water 3.5pc 1.75pc. 3.5pc (Fmly 5pc) 1.75pc. 7pc 3.5pc. 4.9pc A 2.45pc. 4.9pc B 2.45p

Peachey Property 4p

Persimmon 4.2p

Renishaw 0.6p

Toronto-Dominion Bank 21cts

TOMORROW

COMPANY MEETINGS—

Assoc Steel Distributors, Valley Farm Road, Stourton, Leeds, 12.00

Bipel Group, Roman Way Hotel, Watling Street, Hatherton, Cannock, Staffs, 11.30

Commercial Union Assce, Baltic Exchange, St Mary Axe, EC, 12.00

European Home Products, Grafton Way, Basingstoke, Hampshire, 12.00

First Scottish American Trust, Balsian House, West Ferry, Dundee, 10.30

"Investing in Success," Regis House, King William Street, EC, 12.00

Lambert Howarth, Oaks Hotel, Colne Road, Burnley, 12.00

National Westminster Bank, National Westminster Hall, 15 Bishopsgate, EC, 12.00

NEI, Gosforth Park Hotel, Newcastle-upon-Tyne, 12.00

Rowntree Mackintosh, Joseph Rowntree Theatre, Haxby Road, York, 3.00

Second Market Inv, Norfolk House, 13 Southampton Place, WC, 10.00

Stockley, Chesterfield Hotel, 35 Charles Street, W, 10.30

Wills Group, Sweeten's Vaults, The Brewery, Chiswell Street, EC, 11.15

BOARD MEETINGS—

Finals:

Bar and Wallace Arnold Tst

Ex-Lands

Moss Bros

Office and Elec Machines

Ropner

Scott and Robertson

Tootal

Walker Greenbank

Ward Grp

Interims:

Ensign Tst

Majedie Invs

Natl Home Loans Cpn

Scottish and Cities Inv Tst

Wellcome

DIVIDEND & INTEREST PAYMENTS—

Allied Irish Bnks Sub. Prim. Cap. Perp. FRN $166.78

Assam-Dooars 9p

Bank of Nova Scotia 18cts

Canadian Imperial Bank of Commerce 0.27cts

Canadian Pacific 12cts

Duncan (Walter) & Goodricke 20p

[illegible]

WEDNESDAY APRIL 29

COMPANY MEETINGS—

[illegible]

THURSDAY APRIL 30

COMPANY MEETINGS—

[illegible]

FRIDAY MAY 1

COMPANY MEETINGS—

[illegible]

SATURDAY MAY 2

DIVIDEND & INTEREST PAYMENTS—

[illegible]

SUNDAY MAY 3

DIVIDEND & INTEREST PAYMENTS—

[illegible]

CONSTRUCTION

Building China's Power Stations

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

Mr Gordon Wu of Hong Kong's HOPEWELL HOLDINGS and the UK-based consultants OVE ARUP & PARTNERS are negotiating to build a £300m third phase of the Shajiao power station in China's Guangdong province on the Pearl River estuary 80 km from Hong Kong.

The negotiations on the next phase of Shajiao are starting as a joint venture of Hopewell and the UK contractor Costain, again with Ove Arup as consultant engineers, has just handed over the £300m 350 MW second phase of the coal-fired Shajiao, Shajiao "B".

This was completed exactly a year to the day after finance had been agreed — "probably the quickets large power station ever built," said Ove Arup director, Mr Duncan Michael.

Speed of construction was helped by altering the site from *the poor riverside land* originally selected to a firm rock-blasted site in the mountains behind, by extensive use of slip-formed concrete, and by manufacturing the 200,000 tons of structural steel required on site.

It was also pushed by what Mr Michael describes as "Gordon Wu's driven management style"—with the strength of the drive helped by a £200,000-a-week financial penalty if the contract overran.

Hopewell and Ove Arup also started work last week on the £50m 160 km first phase of the Guangzhou Shenzen super highway from the Hong Kong border to Canton, due to be opened in 1990.

Ove Arup is acting as designer, and appointing and overseeing the contractors, which will be local Chinese companies.

The super highway is, like Shajiao power station, privately financed with money raised by Mr Wu.

Under the contractural agreement, Mr Wu's company will keep 40 per cent of the profits of operating the road as a toll way for 30 years, and the highway will then be handed over to the Chinese authorities.

Shajiao B will pay for itself *out of* profits from the electricity it generates, and will be handed over to the Chinese power authority after 10 years.

Mr Wu's success in winning the contract to build the third phase of Shajiao will depend largely on his ability to raise funding for the project, as will the £100m-plus projected second and third phases of the highway.

£10m orders for Lilley

LILLEY CONSTRUCTION has won *new orders totalling £10m.* The lion's share of the work, £8m, goes to Lilley's southern division. The awards include term maintenance contracts for the Property Services Agency of the Department of Environment in the Portsmouth area totalling £5.5m and two sewage contracts for Nottingham City Council and the Anglian Water Authority worth £2.3m.

In Scotland Lilley has won further work for BP Chemicals in Grangemouth and will also be working for Scotrail, Property Services Agency and the Scottish Development Agency. The company is also to undertake £500,000 of housing refurbishment work *for the Property* Services Agency in Gibraltar.

Railway bridge scheme

HORSELEY BRIDGE, a business unit of NEI Thompson has won an order to manufacture and assemble a single span truss railway bridge designed by British Rail. The total contract is worth *over £3m.*

The bridge will carry the main Manchester to Sheffield railway line, and will span the M66 and two feeder roads north of Manchester. The single span of 125 metres is of box chord construction, with trusses and decking for two main lines.

Horseley Bridge will fabricate all the steelwork at its Tipton factory. Sections will then be transported to site for assembly. When completed the bridge will weigh more than 2,000 tonnes and will be put into place over a 72-hour *possession* period.

Work has started at Tipton on the sections and civil works are proceeding on site. Main fabrication is scheduled for completion by January 1988 with site completion by March 1988.

NEI Thompson is part of Northern Engineering Industries, Newcastle upon Tyne.

Swimming pool projects

HENRY BOOT has started work on a £3.1m management contract for the construction of leisure pool facilities at Victoria Park, Keighley, for the City of Bradford Metropolitan Council. A swimming pool is to be provided in the 84-week contract together with associated rooms, car park, entrance road and alterations to existing building.

★

WALTER LAWRENCE WESTERN has been awarded a contract to build a covered swimming pool at the Castle Street car park site in Dursley, Gloucestershire, on behalf of Stroud District Council. The £1.14m development is adjacent to the pedestrianised town centre. The building is designed as an energy conscious, high quality enclosure with a deck level pool of 225 sq metres in area. The pool is flexible in use and contains 25-metre lanes, a children's and learners' lagoon of shallower water and a deep end which can be used for training purposes. The roof is of special interest because it is mono-pitch with a large radius glazed barrel vault on the high north side. Walter Lawrence commenced construction in April and will complete the scheme in June 1988.

★

WILLIAM STEWARD has been awarded a contract by Costain Construction for about £1m to carry out the *mechanical* and electrical building services subcontract for a new office block to be known as Dowgate Hill House, London EC4. William Steward is to install fan coil and ventilation systems together with soil, waste and domestic water installations, as well as the lighting, power and mains distribution plus closed circuit television, security and telecommunications.

★

BOVIS CONSTRUCTION has been awarded a £1m management contract with the Intercity Property Group to build a superstore shell unit to be occupied by Gateway Food Markets at Spring Street, Bury. Work has started to alter the appearance of the 50,000 sq ft retail unit. The cladding and roof features will be replaced and the adjacent bus station demolished to provide an area *for* car parking. The contract is due for completion by early September.

★

ALFRED McALPINE CONSTRUCTION has been awarded three contracts totalling almost £2.2m for building and refurbishment work in Bedfordshire, Worcestershire and Warwickshire.

The largest, worth £2m and *awarded by the Property* Services Agency, is for refurbishment of three barrack blocks and construction of a single-storey metal clad air terminal building at RAF Stanbridge in Bedfordshire. The 52-week contract has started.

Worth £128,000, an order has been awarded by the South Shropshire District Council for the modernisation and refurbishment of 12 council houses in Cleobury Mortimer. The nine-month contract has started.

Prudential Portfolio Managers has awarded a £70,000 contract *for work at* The Market Place in Rushy. The four-month contract involves conversion of two three-storey shops into one unit.

Business park extended

SIR ROBERT McALPINE & SONS has been awarded three contracts, totalling over £3m, at Frimley, Peterborough and at Alton Towers Leisure Park. Following completion of the infrastructure and Phase 1 buildings on Frimley Business Park, work has begun on a second contract, worth £1.1m, covering construction of a two-storey high-tech building of reinforced concrete frame con*struction with part brick and* part curtain walling finish. Work includes a river bridge over the Blackwater and a link road. The building will provide Arlington Property Services with 1,800 sq metres of lettable floor space.

In Peterborough, under an £850,000 design and build contract awarded by SPD, work has begun on alterations to two detached warehouses and the construction of a new warehouse formed by linking the existing buildings using clear span steel trusses 31 metres long. Work will include provision of a trailer parking area and eight dock levellers.

At Alton Towers Leisure Park in North Staffordshire, a £1.3m contract covers construction of three single-storey steel-frame buildings with timber panelling, each 22 metres x 19 metres. The contract includes a medical centre and a storage shed, landscaping and paved roads. In addition McAlpine *is* carrying out the civil engineering works in preparation for two new rides, an aquarium and an arcade.

Wimbledon office complex

WIMPEY CONSTRUCTION MANAGEMENT, the management contracting division of George Wimpey, has been awarded three contracts totalling almost £30m. A management contract valued at £21m from Speyhawk Land and Estates is for the Wimbledon Bridge Development, on the corner of Hartfield Road and Wimbledon Bridge, in the centre of Wimbledon. The development will consist of an office complex with an adjoining shopping development directly opposite Wimbledon Station. A seven-storey office block is to be built around a landscaped atrium with a floor area of about 12,000 sq metres. The retail development will provide accommodation of about 4,600 sq metres incorporated on a deck over the railway tracks and fronting the Broadway opposite the main station entrance. Each retail unit will be serviced with goods lifts at the rear of the shops, connecting to a service basement. Four levels of car-parking behind the retail element will provide 300 spaces. The work is scheduled for completion in May 1989.

A second contract worth £4.5m has been placed by the London Borough of Ealing, for the fitting-out of the Great Western Centre in the Uxbridge Road, Ealing. The building has an area of nearly 15,000 sq metres in six floors. The fitting-out, to be completed within four months, will include the erection of partitions with associated ceiling works; formation of a new entrance and reception area; mechanical and electrical services, and extensive telecommunications installations.

Ricoh UK Products has awarded a contract worth £4.4m for the second phase of its development at Priorslee, Telford, a further development of its factory complex, finished in 1984 by Wimpey under a management contract. The contract involves the construction of a single-storey portal frame building with insulated profile cladding, built on pad foundations and having a total floor area of about 17,400 sq metres.

Whatlings £2m work

WHATLINGS, *Glasgow*, part of the construction division of Alfred McAlpine, has been awarded contracts worth about £2.25m for building and construction work in England and Scotland.

The largest worth £1.1m, is for building 32 flats (mostly two-bedroomed) at Forth View, Stirling, in traditional style with facing brick finishes. The first stage is due for completion in September.

Worth £471,500, a contract has been awarded by the Co-operative Wholesale Society for construction of a supermarket at Beith, Strathclyde. The supermarket, at Laigh Road Industrial Estate will be constructed of *structural* steel with metal cladding and facing brick. The 26-week contract starts this month.

The third contract, worth almost £179,000 and awarded by Roxburgh District Council, is for the partial upgrading of 44 houses at Hawick. Work will involve replacing windows, doors and internal units, as well as replastering and rewiring the homes. The 20-week contract has started.

The fourth contract, worth £250,000 and awarded by the Argyll Stores Group is for a filling station at Bellshill, near Glasgow. The 12-week contract includes installation of petrol pumps as well construction of the forecourt and offices. The final contract, worth £240,000 is for bored piling work on the A616 link from Stocksbridge to the M1 in South Yorkshire.

WORLD STOCK MARKETS

AUSTRIA

1987 High	Low	April 24	Price Sch%
20000	1985	Creditanstalt	1985
3210	2950	Goesser	3000
13,200	12650	Interunfall	12750
14,000	8000	Jungbunzlauer	8850
2125	1915	Laenderbank	1915
712	600	Perlmooser	690
167	140	Steyr-Daimler	141
1113	750	Veitscher Mag	868

BELGIUM/LUXEMBOURG

1987 High	Low	April 24	Price Frs.
3210	2900	B.B.L.	3200
16000	15400	Banque Gen. Du L.	15400
15200	14,800	Bank Int. A Lux.	14800
12500	9000	Bekaert B	10900
5520	3900	Ciment CBR	5520
143	131	Cockerill	142
3465	2700	Delhaize	3270
5500	4810	EBES	5500
2700	1660	Fabrique Nat	1740
1250	926	GB Inno BM	1118
4525	3430	GBL (Brux)	3900
6850	6080	General Bank	6800
6850	6000	Gevaert	6800
8020	6680	Hoboken	7210
4500	3820	Intercom	4500
4710	4040	Kredietbank	4620
12000	10,650	Pan Holdings	12000
10700	9210	Petrofina	10700
6300	5600	Royale Belge	6250
3825	3115	Soc Gen Belge	3825
14,950	10375	Sofina	14475
10,475	8270	Solvay	10375
450	185	Stanwick Intl.	450
7320	6280	Tractionel	7260
10,300	9000	UCB	9460
5940	5320	Wagons Lits	5740

DENMARK

1987 High	Low	April 24	Price Kr %
970	720	Baltica Skand	865
299	251	Cop Handelsbank	264
410	323	D. Sukkerfab	328
375	309	Den Danske Bank	324
228	160	East Asiatic	172
980	830	Forenede Brygg	860
357	260	GNT Holding	273
845	695	I.S.S.B. Systems	740
575	455	Jyske Bank	510
294	238	Novo Inds.*	259
295	243	Privatbanken	259
875	675	Sophus Berendsen	775
203	149	Superfos	192

FRANCE

1987 High	Low	April 24	Price Frs.
1836	1515	Emprunt 4½% '73.	1836
8850	7755	Emprunt 7% 1973	8850
573	472	Accor	537
768	680	Air Liquide	719
868	666	BIC	732
1290	1150	BNP	1220
2965	2380	Bongrain	2960
5220	1185	Bouygues	1360
5330	4285	BSN Gervais	5220
3005	2190	CIT-Alcatel	2930
3895	3540	Carrefour	3645
746	660	Club Mediterranee	678
1185	759	Cie Bancaire	796
407	363	Cofimeg	380
3140	2360	Damart	3090
545	462	Darty	479
2560	1912	Dumez S.A.	2560
1543	1242	Eaux (Cie Gen)	1509
366	314	Elf-Aquitaine	335.5
3772	3219	Essilor	3330
1380	1069	Gen. Occidentale	1325
124.7	119.8	Imetal	123.5
1760	1326	Lafarge Coppee	1760
4515	3785	L'Oreal	4430
5960	4358	Legrand	5850
196.5	133	Maisons Phenix	137.1
2865	2290	Matra S.A.	2865
3840	2464	Michelin B.	3820
1734	1500	Midi (Cie)	1545
2600	2200	Moet-Hennessy	2395
119	80	Moulinex	110
229	191.5	Nord Est	204.5
609	465	Paribas	531
1186	1018	Pernod Ricard	1169
839	716	Perrier	780
502	400	Petroles Fra	501
1659	1151	Peugeot S.A.	1659
814	516	Printemps Au	798
1758	995	Radiotech	1720
3600	2475	Redoute	3060
1925	1535	Roussel-Uclaf	1800
5	3.9	St. Gobain	4.65
493	461	Sefimeg	473
1560	1250	Skis Rossignol	1295
3640	3100	Telemech Elect	3315
1745	1545	Thomson (CSF)	1730
638	502	Valeo	638

NORWAY

1987 High	Low	April 24	Price Kroner
191	169.5	Bergen bank	183.5
308	260	Borgesen B	305
211	182	Christiania Bk	204
208	148	Den Norsk Credit	160.5
106	86.5	Elkem	105.5
158	133	Kosmos	158
203	170	Kvaerner	203
146.5	115.5	Norcem	132.5
260	204	Norsk Data	237
197	131	Norsk Hydro	197
463.5	370	Orkla Borregaar	463.5
368	290	Storebrand	368

SPAIN

1987 High	Low	April 24	Price Pts.
1680	1410	Banco Bilbao	1510
1135	970	Banco Central	1080
650	385	Banco Exterior	469
630	455	Banco Hispano	585
1900	1440	Banco Popular	1590
1295	930	Banco Santander	1281.0
2000	1600	Banco de Vizcaya	1795
910	685	Banesto	710
750	450	Dragados	693
113.2	66.5	Hidrola	66.5
169.2	98.7	Iberduero	98.70
598	375	Petroleos	496
194.5	158.5	Telefonica	167.00

GERMANY

1987 High	Low	April 23	Price Dm.
350	280	AEG-Telef	312.50
2220	1600	Allianz Vers	1870
290	239	BASF	272.30
330	274	Bayer	308
563	400	Bayer-Hypo	420
523	401	Bayer-Verein	441
543	415	BHF-Bank	490
576	455	BMW	560
330	270	Brown Boveri	319
312	248	Commerzbank	265
350	269	Cont'l Gummi	324
1220	920	Daimler-Benz	988
505	420	Degussa	505
240	200	D'sche Babcock	212.50
813	620	Deutsche Bank	636.30
403	302	Dresdner Bank	343
310	268	Feld Muehle Nob	291
504	458	Henkel	501
1110	740	Hochtief	740
293	240	Hoechst	280.50
115	109.8	Hoesch Werke	109.80
555	184	Holzmann (P)	420
293	201	Horten	218.80
600	558	Hussel	580
479	403	Karstadt	426.50
529	447	Kaufhof	470
168	142	KHD	150.10
73	53	Kloeckner	67.20
708	589	Linde	699
191	150	Lufthansa	185
197.6	148	MAN	172.50
185	142	Mannesmann	177.90
1025	740	Mercedes Hld	836
366	250	Metallgesell	366
2700	1650	Muench Rueck	1851
823	687	Nixdorf	813
995	815	Porsche	840
200	145	Preussag	156
240	186	Rhein West Elect	227
346	258	Rosenthal	266.50
691	565	Schering	605.50
742	620	Siemens	702.50
127	109	Thyssen	118
371.5	321.3	Varta	360
310	252	Veba	280
170	139.5	V.E.W.	159
486	380	Verein-West	421
421	312	Volkswagen	348

NETHERLANDS

1987 High	Low	April 24	Price Fls.
65.5	55.5	ACF Holding	63
94.2	78	AEGON	90
114.3	100	Ahold	107.5
159.7	128.4	AKZO	136.1
538	484	ABN	511
75.4	63	AMEV	63.9
90.5	77.2	AMRO	77.2
91	41.5	Bredero Cert	41.5
57	48.2	Buehrmann-Tet	53.5
234.2	195.5	Dordtsche Petroleum	224.5
[illegible]	[illegible]	[illegible]	[illegible]

FINLAND

[illegible]

SWEDEN

[illegible]

ITALY

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

SINGAPORE

[illegible]

CANADA

TORONTO
Closing prices April 24

[illegible]

MONTREAL
Closing prices April 24

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices, April 24

Continued from Page 35

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Indices

NEW YORK

DOW JONES

	Apr. 24	Apr. 23	Apr. 22	Apr. 21
Industrials	2295.37	2280.97	2285.94	2337.07
Home Bonds	89.24	89.75	90.6	90.24
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

Closing prices, April 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅞	AAR s	.50	1.7	20	116	29⅝	28½	29	¼
37	21⅞	ADT	.92	2.9	18	226	32	31⅜	31⅝	-⅜
41½	23⅝	AFG	.12e	.4	10	687	35¼	33¾	34¼	-1¼
40¼	15⅝	AGS			19	198	37⅞	37⅛	37½	-¼
13⅞	6¼	AMCA				2	8¼	8⅛	8¼	⅛
9⅝	4⅞	AM Intl				961	7	6⅞	7	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32⅛	16	PhelpD			26	2100	30⅞	30⅛	30¼	−¼
52½	51	PhlpD pf				71	52¼	51½	51½	−¾
58¾	48¾	Phelp pr	5	9.0		97	55½	54¾	55¼	−⅛
26	17⅛	PhilaEl	2.20	11.	8	3438	21	20⅝	20⅝	−⅛
46⅞	38	PhE pfB	4.30	10.		z50	42½	42½	42½	−1½
49	38	PhE pfC	4.40	10.		z50	44	44	44	−1½
54	40	PhE pfD	4.68	10.		z200	46½	45½	46½	+⅜
97⅛	77	PhE pfG	8.75	10.		z1440	86½	85	86½	+½
106	99½	PhE pfS	9.50	9.3		z170	103½	102	102	
13⅞	11¾	PhE pfR	1.41	11.		12	12⅝	12½	12⅝	
126	113	PhE pfQ	14.63	12.		1	122¼	122¼	122¼	
13¼	10⅞	PhE pfP	1.33	11.		31	11⅞	11½	11⅝	
88¾	69½	PhE pfH	7.85	10.		z100	77	77	77	+½
12⅞	10⅜	PhE pfO	1.28	11.		67	11½	11⅜	11½	+⅛
134¼	108¾	PhE pfN	17.13	15.		z340	111½	110	111½	+½
124	110	PhE pfM	15.25	14.		z300	111	110¾	110¾	−1¼
88	69	PhE pfJ	7.80	10.		z1000	76½	75	75	−2½
85	68	PhE pfI	7.75	10.		z300	74	73⅝	74	
19¼	13¼	PhilSb s	.94	6.1	12	65	15¾	15⅝	15⅝	−⅛
92¼	59¾	PhilMr	3	3.5	13	10581	85⅞	84	84	−2
22	13	Phlipl s	.36	1.9	16	969	19⅝	18⅝	19	
92	67	PhlIn pf	1	1.1		1	92	92	92	
25⅞	18⅝	PhilGl	.70e	2.8	12	272	24¾	24⅝	24⅝	−⅛
17	8¼	PhilPet	.60	4.0	17	6481	15⅜	15	15	−⅜
24¾	18¼	PhlPt pf	1.87e	7.6		101	24⅝	24½	24½	−⅛
47⅞	34	PhlVH	.70	1.5	14	62	45¾	45⅛	45½	
13½	6	Phlcrp n				289	6¼	d5½	5¾	−¼
71	35¾	PiedAv	.32	.5	17	875	68¾	68⅜	68⅝	−⅛
71	49½	PiedA pf				4	67⅞	67⅞	67⅞	
24¼	17	PiedNG	1.32	6.1	11	51	21⅝	21½	21½	
19¼	9½	Pier 1 s	.08	.5	28	244	17⅝	17⅛	17⅝	+¼
[illegible]										

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[illegible]

S S S

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T T T

[illegible]

U U U

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
74¾	46½	UAL	1	1.5	276	10201	71½	68⅝	68⅞	−1⅞
35½	18	UCCEL			30	158	30⅝	30⅛	30¼	−⅝
27⅛	17¼	UDC s	2.20	9.2	8	63	23⅞	23⅝	23⅞	+¼
32	24	UGI	2.04	7.1	12	205	28⅝	28⅛	28⅝	+⅛

V V V

[illegible]

W W W

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
19¾	14⅝	WrldVl n				31	16⅞	16⅜	16⅝	+⅛
54	36⅞	Wrigly s	1.04	2.2	19	218	48¾	48¾	48	−¾
18⅞	11	WyleLb	.32	1.8	32	79	17¾	17⅝	17¾	
25¼	17⅝	Wynns	.60	3.4	13	27	18	17¾	17¾	−¼

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
78⅝	48⅝	Xerox	3	3.9	16	5710	77¼	75½	76¼	−½
58¼	55	Xerox pf	5.45	9.8		17	56¼	55⅝	55⅝	−⅜
28¾	21½	XTRA	.64	2.6		61	25¼	24¾	24¾	−⅝
24½	13½	Yorkln			14	266	22¾	22⅜	22⅜	−⅜
6	2¼	Zapata				272	4	3⅞	4	+⅛
43⅞	20¾	Zayre s	.40	1.6	16	1946	25	24½	24½	−⅜
14¾	9¾	Zemex	.40	2.9	9	21	13¾	13½	13⅝	+⅛
29⅞	18⅞	ZenithE				1682	26¼	25¾	26¼	+¼
18¼	8	ZenLb s				1101	11⅛	10⅝	10⅝	−⅜
20⅞	12⅝	Zero	.36	2.1	18	156	17¼	16⅞	17	+⅛
51¼	32¾	Zurnin	1.32	2.9	18	77	46¾	45⅞	45⅞	−¾
10⅝	8¾	Zweig n	.10e	1.1		789	9⅛	9	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices April 24

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices, April 24

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 33

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling benefits as money moves out of the dollar

By Colin Millham

CONFIDENCE IN the dollar is at a very low level. The temptation is to move out of dollar denominated investments, into precious metals; the financial safety of lower yields in Switzerland; or to higher yields and growing confidence in London.

The Bank of England is well aware of the problems caused by hot money moving into London, encouraged by speculation about an early UK general election, and is likely to remain very cautious about allowing a cut in UK bank base rates.

But the alternative is intervention to sell the pound, to prevent a rise towards DM 3.00. Sterling's value against the D-Mark is now regarded as the key rate by the market, and the authorities will almost certainly be forced to allow the pound to appreciate with Continental currencies against the dollar.

Political news is the main factor behind the demand for sterling. Economic news has caused no surprises, but is expected to provide underlying support.

March UK money supply and bank lending figures were much as expected, with Mo growth in the middle of its target range, and bank lending falling slightly.

The sharp rise of 3¼ per cent to 3½ per cent in sterling M3 growth, was widely forecast, and was partly the result of Bank of England sales of sterling, without an offsetting sale of gilts.

The determination of the authorities not to overfund may cause growing problems, if the Bank of England continues to prevent the pound from rising through foreign exchange intervention.

Recent news points towards a further depreciation of the dollar, and the failure of the 4.3 rise in first quarter US gross national product growth to boost the currency appeared particularly significant.

The rise was greater than the forecast 3 per cent to 4 per cent, but was largely the result of goods produced, but not sold, notably in the motor industry.

Second quarter growth is regarded as fragile, and unlikely to sustain the first quarter figure, while inflation showed signs of becoming a problem. Friday's consumer price index indicated US inflation rising at an annual rate of 6.2 per cent in the first three months, compared with 1.1 per cent in the same period last year.

According to Money Market Services, Wednesday's figure on March leading US indicators will rise 0.5 per cent, and new home sales for the same month will increase 1.4 per cent. There are unlikely to have any impact however.

The market believes a rise in US interest rates is required to prevent a further weakening of the dollar, but suspects the economy is not strong enough to sustain such a move. The alternative is to cut back the US Budget deficit with a rise in taxation, but that is unlikely to be acceptable to the Reagan Administration.

Failure of the US to put its house in order puts an increasing burden on the central banks to maintain a level for the dollar that the market believes is over valued on a economic basis.

Dealers are therefore more than willing to sell dollars to the central banks in expectation that the currency's value will continue to fall.

Central banks in the US, Japan, West Germany, Switzerland and the UK were among the main buyers of dollars last week. If the market becomes over sold, leading to a technical rally, this will simply be regarded as an even better opportunity to sell the currency.

£ IN NEW YORK

Apr 24	Latest	Previous Close
£ Spot	1.6600-1.6610	1.6435-1.6445
1 month	0.42-0.41 pm	0.42-0.41 pm
3 months	1.06-1.03 pm	1.10-1.07 pm
12 months	2.48-2.38 pm	2.70-2.62 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Apr. 24	Previous
8.30	am	72.6	72.3
9.00	am	72.6	72.4
10.00	am	72.7	72.4
11.00	am	72.7	72.4
Noon		72.5	72.4
1.00	pm	72.6	72.5
2.00	pm	72.7	72.5
3.00	pm	72.6	72.5
4.00	pm	72.7	72.5

CURRENCY RATES

Apr. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.790197	0.701783
U.S. Dollar	5.5	1.3019	1.15864
Canadian $	7.90	*	1.54239
Austrian Sch.	4	16.4059	14.6047
Belgian Franc	8	48.4874	43.0841
Danish Krone	7	8.82134	7.82663
Deutsche Mark	3.0	2.3393	2.07803
Neth. Guilder	4½	2.64015	2.34370
French Franc	9½	7.7955	6.92347
Italian Lira	11.5	N/A	1482.77
Japanese Yen	2½	182.259	161.978
Norway Krone	8	8.70938	7.73105
Spanish Peseta	—	163.317	145.236
Swedish Krona	7½	8.17041	7.24036
Swiss Franc	3.5	1.90786	1.69509
Greek Drach.	20½	172.821	153.648
Irish Punt	—	N/A	0.777352

*C$/SDR rate for April 23: 1.71986

CURRENCY MOVEMENTS

April 24	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.7	−20.7
U.S. Dollar	100.1	−6.7
Canadian Dollar	77.1	−11.3
Austrian Schilling	138.1	+10.0
Belgian Franc	100.0	−4.6
Danish Krone	93.3	+3.3
Deutsche Mark	146.8	+21.4
Swiss Franc	175.7	+24.5
Guilder	134.9	+14.1
French Franc	71.7	−12.9
Lira	47.9	−17.1
Yen	226.8	+69.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 24	£	$
Argentina	2.5325-2.5440	1.5350-1.5410
Australia	2.3305-2.3335	1.4095-1.4105
Brazil	40.0240-40.248	24.2570-24.3780
Finland	7.1775-7.1980	4.3500-4.3530
Greece	216.95-220.80	132.00-134.20
Hong Kong	12.8650-12.8825	7.7980-7.8000
Iran	116.40*	80.90*
Korea (Sth)	1370.65-1383.05	834.10-840.90
Kuwait	0.44690-0.44750	0.27100-0.27110
Luxembourg	61.40-61.50	37.05-37.15
Malaysia	4.0745-4.0830	2.4700-2.4720
Mexico	1924.40-1945.95	1167.00-1179.00
N. Zealand	2.8345-2.8420	1.7140-1.7170
Saudi Ar.	6.1845-6.1900	3.7495-3.7505
Singapore	3.5030-3.5110	2.1240-2.1260
S. Af. (Cm)	3.2925-3.3145	2.0010-2.0050
S. Af. (Fn)	5.2380-5.4095	3.1745-3.2785
Taiwan	54.85-55.15	33.35-33.45
U.A.E.	6.0575-6.0630	3.6725-3.6735

*Selling rate.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6570	1.6530	1.6468	1.6408	1.6330
D-mark	2.9675	2.9529	2.9257	2.8902	2.8234
French Fr.	9.8950	9.8804	9.8594	9.8498	9.8433
Swiss Fr.	2.4225	2.4099	2.3887	2.3394	2.3055
Yen	231.50	230.38	228.31	225.56	220.48

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0841	+1.47	+0.90	±1.5344
Danish Krone	7.85212	7.82663	−0.32	−0.88	±1.6404
German D-Mark	2.05853	2.07803	+0.95	+0.39	±1.0981
French Franc	6.90403	6.92347	+0.28	−0.28	±1.3674
Dutch Guilder	2.31943	2.34370	+1.05	+0.49	±1.5012
Irish Punt	0.768411	0.777352	+1.16	+0.60	±1.6684
Italian Lira	1483.58	1482.77	−0.05	−0.05	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Apr. 24	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
£	1.	1.657	2.968	321.5	9.895	2.423	3.348	2116.	2.001	61.45
$	0.604	1.	1.791	139.7	5.923	1.462	2.021	1278.	1.207	37.10
DM	0.337	0.558	1.	78.01	3.334	0.816	1.128	713.6	0.674	20.71
YEN	4.320	7.158	12.82	1000.	42.74	10.46	14.46	9147.	8.641	265.4
F Fr.	1.011	1.675	2.999	234.0	10.	2.448	3.383	2140.	2.022	62.10
S Fr.	0.413	0.684	1.225	95.56	4.085	1.	1.382	874.1	0.826	25.37
H FL	0.299	0.495	0.886	69.16	2.956	0.724	1.	631.6	0.598	18.36
Lira	0.472	0.783	1.401	109.3	4.673	1.144	1.581	1000.	0.945	29.02
C $	0.500	0.828	1.483	115.7	4.946	1.211	1.673	1058.	1.	30.72
B Fr.	1.627	2.697	4.829	376.7	16.10	3.942	5.448	3446.	3.255	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

EURO-CURRENCY INTEREST RATES

Apr. 24	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10-10¼	10-10¼	9 13/16-9⅞	9⅝-9 11/16	9⅜-9½	9⅜-9½
U.S. Dollar	6¼-6⅜	6 7/16-6 9/16	6⅝-6¾	6⅞-7	7 1/16-7 3/16	7½-7⅝
Can. Dollar	7-7¼	7¼-7½	7½-7¾	8¼-8½	8⅝-9	8 13/16-9 3/16
D. Guilder	5⅛-5¼	5¼-5⅜	5¼-5⅜	5¼-5⅜	5¼-5⅜	5¼-5⅜
Sw. Franc	1½-2	9¼-9½	3 5/16-3 7/16	3⅞-4	3⅞-4	4-4⅛
Deutschmark	3⅝-3⅞	3 13/16-3 15/16	3 13/16-3 15/16	3 13/16-3 15/16	3⅞-4	4-4⅛
Fr. Franc	7⅝-7⅞	7⅝-7⅞	7 15/16-8 1/16	8 3/16-8 5/16	8⅜-8⅝	8⅜-8½
Italian Lire	7½-9½	9-11	9⅝-10⅛	9½-10	9½-10	10-10½
B. Fr. (Fin.)	7-7⅛	7 1/16-⅛	7 1/16-7 3/16	7 1/16-7 3/16	7⅛-7¼	7¼-7⅜
B. Fr. (Con.)	6⅛-7¼	6⅞-7¼	7-7¼	7-7¼	7-7¼	7¼-7⅝
Yen	4 13/16-5 1/16	4 3/16-4⅜	4⅛-4⅜	4-4 3/16	3 13/16-4	3 13/16-4
D. Krone	10-10¼	10⅛-10⅜	10⅛-10⅜	10-10½	10¼-10¾	10⅞-11¼
Asian $Sing.	0-⅛	N/A	3⅛-3¼	3 5/16-3 7/16	3⅝-3¾	3⅞-4

Long-term Eurodollars: Two years 8⅛-8⅜ per cent; three years 8⅜-8⅝ per cent; four years 8⅝-8⅞ per cent; five years 8¾-9 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6425-1.6575	1.6565-1.6575	0.42-0.39c pm	2.93	1.05-1.00 pm	2.47
Canada	2.1905-2.2111	2.2000-2.2010	0.35-0.25c pm	1.64	0.41-0.17 pm	0.53
Netherlands	3.33-3.35¼	3.34¼-3.35¼	1⅛-1⅛c pm	4.48	3⅝-3½ pm	4.18
Belgium	61.22-61.58	61.40-61.50	17-10c pm	2.64	45-34 pm	2.57
Denmark	11.11-11.19¼	11.17-11.18	¼-1 ore dis	−0.67	1⅛-2⅛ dis	−0.65
Ireland	1.1075-1.1135	1.1085-1.1095	0.08-0.18 p dis	−1.41	0.17-0.44 dis	−1.10
W. Germany	2.95-2.97¼	2.96¼-2.97¼	1⅝-1⅜pf pm	6.07	4⅛-3⅞pm	5.05
Portugal	228.91-231.73	230.20-231.10	62-148c dis	−5.46	248-375 dis	−5.40
Spain	206.70-207.72	207.40-207.70	83-100c dis	−5.29	265-300 dis	−5.44
Italy	2107-2120½	2117-2118	1pm-1 lire dis	—	2pm-3 dis	−0.09
Norway	10.99½-11.05	11.04-11.05	3½-4¼ ore dis	−4.21	12¼-13⅝ dis	−4.78
France	9.83¼-9.90	9.89-9.90	1¾-1¼ c pm	1.82	4⅛-3⅝ pm	1.52
Sweden	10.28¼-10.34¼	10.33¼-10.34¼	½pm-½ ore dis	−0.15	par ⅝ dis	−0.12
Japan	229¼-232	231-232	1⅛-1 y pm	5.83	3⅝-3¼ pm	5.62
Austria	20.79-20.88	20.81-20.84	10-8⅛ gro pm	5.37	29⅛-25⅞pm	5.20
Switzerland	2.40½-2.42¼	2.41¼-2.42¼	1⅛-1⅛ c pm	6.19	3⅝-3¼ pm	5.68

Belgian rate is for convertible francs. Financial franc 61.65-61.75. Six-month forward dollar 1.65-1.60 c pm. 12-month 2.45-2.35 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6425-1.6575	1.6565-1.6575	0.42-0.39c pm	2.93	1.05-1.00pm	2.47
Ireland†	1.4802-1.4955	1.4930-1.4940	0.58-0.53c pm	4.48	1.47-1.37 pm	3.82
Canada	1.3293-1.3355	1.3345-1.3355	0.11-0.14c dis	−1.13	0.48-0.53 dis	−1.52
Netherlands	2.0135-2.0365	2.0200-2.0210	0.26-0.23c pm	1.45	0.88-0.83pm	1.69
Belgium	37.04-37.40	37.05-37.15	1pm-2 c dis	−0.16	3pm-2 dis	0.05
Denmark	6.72½-6.80½	6.74¼-6.74¾	1.55-2.25ore dis	−3.37	4.90-5.60 dis	−3.11
W. Germany	1.7845-1.8060	1.7905-1.7915	0.45-0.42pf pm	2.91	1.41-1.36 pm	3.09
Portugal	138½-139¾	138½-138¾	75-125c dis	−8.61	250-325 dis	−8.25
Spain	125.05-126.22	125.10-125.20	105-115c dis	−10.51	305-325 dis	−10.03
Italy	1274-1288	1277¾-1278¼	3.00-3.50lire dis	−3.04	7.50-9.50 dis	−2.65
Norway	6.64¾-6.71¾	6.66¼-6.66¾	4.00-4.50ore dis	−7.65	12.00-12.50dis	−7.35
France	5.95-6.01¼	5.97-5.97½	0.55-0.70c dis	−1.25	1.40-1.70 dis	−1.04
Sweden	6.23-6.28¼	6.24-6.24½	1.30-1.70ore dis	−2.88	4.10-4.50dis	−2.76
Japan	139.30-140.00	139.65-139.75	0.35-0.32y pm	2.88	1.09-1.04 pm	3.05
Austria	12.55½-12.69½	12.57½-12.58	2.80-2.40gro pm	2.47	8.50-7.50 pm	2.54
Switzerland	1.4545-1.4700	1.4615-1.4625	0.42-0.37c pm	3.24	1.17-1.12 pm	3.13

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.20-37.30.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	14.06	14.16	0.00	0.10
114	12.06	12.25	0.00	0.19
116	10.06	10.38	0.00	0.32
118	8.06	8.58	0.00	0.52
120	6.10	7.22	0.04	1.16
122	4.18	5.59	0.12	1.53
124	2.44	4.28	0.38	2.22
126	1.28	3.28	1.22	3.22

Estimated volume total, Calls 6,242 Puts 799
Previous day's open int: Calls 25,783 Puts 12,592

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
90	1.52	3.18	2.02	4.26
92	0.62	2.32	3.12	5.40
94	0.31	1.56	4.45	7.00
96	0.14	1.24	6.28	8.32
98	0.06	0.63	8.20	10.07
100	0.02	0.44	10.16	11.52
102	0.01	0.31	12.15	13.39
104	0.00	0.21	14.14	15.29

Estimated volume total, Calls 114 Puts 294
Previous day's open int: Calls 926 Puts 820

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Apr	Calls—Last May	Puts—Last Apr	Puts—Last May
19250	10.48	11.96	0.93	2.41
19500	8.51	10.22	1.46	3.17
19750	6.74	8.64	2.19	4.09
20000	5.20	7.21	3.15	5.16
20250	3.90	5.95	4.35	6.40
20500	2.84	4.85	5.79	7.80
20750	2.00	3.90	7.45	9.35
21000	1.37	3.09	9.32	11.04

Estimated volume total, Calls 25 Puts 5
Previous day's open int: Calls 286 Puts 176

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.30	—	35.45	—	35.45	—	0.00	—	0.00
1.35	—	30.45	—	30.45	—	0.00	—	0.00
1.40	25.45	25.45	—	25.45	0.00	0.00	—	0.01
1.45	20.45	20.45	—	20.45	0.00	0.00	—	0.06
1.50	15.45	15.45	15.45	15.46	0.00	0.00	0.10	0.26
1.55	10.45	10.45	10.45	10.45	0.00	0.07	0.46	0.84
1.60	5.45	.45	6.08	6.22	0.09	0.57	1.46	2.12

Estimated volume total, Calls 86 Puts 10
Previous day's open int, Calls 1,278, Puts 1,372

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.35	—	13.90	—	13.90	—	0.80	—	1.60
1.40	17.90	17.80	—	17.70	0.30	0.45	—	1.05
1.45	12.90	12.90	—	12.70	0.60	0.80	—	1.50
1.50	13.50	13.50	13.50	13.50	0.20	0.25	0.25	0.75
1.55	8.50	8.50	8.50	9.20	0.20	0.35	0.60	1.60
1.60	3.50	3.50	4.20	6.10	0.55	1.20	1.80	3.20
1.65	0.70	1.30	1.75	3.80	2.75	3.60	4.30	5.70

Previous day's open int: Calls 866 Puts 1,318
Volume: 275

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.400	—	25.70	—	25.70	—	—	—	0.10
1.450	20.70	20.70	—	20.70	—	—	—	0.10
1.475	18.20	18.20	—	18.20	—	—	—	0.15
1.500	15.70	15.70	—	15.70	—	—	—	0.35
1.525	13.20	13.20	13.20	13.20	—	0.05	0.10	0.50
1.550	10.70	10.70	10.70	10.70	—	0.05	0.20	0.75
1.575	8.25	8.25	8.25	8.60	—	0.15	0.45	1.15

Previous day's open int: Calls 69,162 Puts 55,437
Previous day's volume, Calls 3,056 Puts 2,329

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last June	Sept.	Dec.	Mar.	Puts—Last June	Sept.	Dec.	Mar.
92.25	0.42	0.40	0.37	—	0.07	0.53	0.73	—
92.50	0.25	0.29	0.27	—	0.15	0.67	0.88	—
92.75	0.13	0.20	0.19	—	0.28	0.83	1.05	—
93.00	0.05	0.13	0.13	—	0.45	1.01	1.24	—
93.25	0.02	0.08	0.09	—	0.67	1.21	1.45	—
93.50	0.01	0.05	0.05	—	0.91	1.43	1.66	—
93.75	0.00	0.03	0.03	—	1.15	1.66	1.89	—

Previous day's open int: Calls 670, Puts 1,016
Estimated volume, Calls 30, Puts 107

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	126-03	126-12	125-08	124-28
Sept.	126-03	125-26	125-26	124-28
Dec.	126-04	—	—	124-24

Estimated volume 35,029 (34,155)
Previous day's open int. 20,872 (20,977)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
June	90.80	90.83	90.70	90.65
Sept.	91.14	91.17	91.05	90.99
Dec.	91.19	91.21	91.14	91.08
Mar.	91.07	91.08	91.05	90.95
June	90.96	90.99	90.99	90.82
Sept.	90.81	—	—	90.68

Estimated Volume 6,909 (5,008)
Previous day's open int. 25,853, (24,713)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	202.05	202.50	199.95	197.95
Sept.	206.55	—	—	202.45

Estimated volume 1,497 (636)
Previous day's open int. 4,555 (4,466)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
June	92.60	92.69	92.59	92.76
Sept.	92.12	92.25	92.12	92.38
Dec.	91.89	92.04	91.89	92.17
March	91.66	91.85	91.68	91.97
June	91.48	91.62	91.50	91.77
Sept.	91.30	91.47	91.47	91.59
June	91.12	—	—	91.40
Sept.	90.98	—	—	91.24

Estimated volume 9,499 (10,364)
Previous day's open int. 27,653 (28,217)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	89-25	90-30	89-23	91-25
Sept.	88-28	—	—	90-28

Estimated Volume 6,940, (8,302)
Previous day's open int. 5,337 (4,935)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	89-18	90-26	89-16	91-14
Sept.	88-19	89-26	88-16	90-15
Dec.	87-25	88-30	87-23	89-20
Mar.	87-02	88-05	87-00	88-27
June	86-13	87-15	86-12	88-04
Sept.	85-26	86-27	85-25	87-15
Dec.	85-08	86-08	85-08	86-28
Mar.	84-23	—	—	86-10
June	—	—	—	—
Sept.	83-24	83-30	83-24	85-09
Dec.	83-10	—	83-10	84-26

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev.
June	93.85	93.98	93.83	94.03
Sept.	93.38	93.47	93.36	93.53
Dec.	93.15	93.25	93.13	93.32
Mar.	92.99	93.10	92.99	93.17
June	—	—	—	—
Sept.	—	—	—	—
Dec.	92.60	92.68	92.56	92.77
Mar.	92.49	—	92.46	92.66

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
June	0.6874	0.6900	0.6845	0.6816
Sep.	0.6928	0.6952	0.6900	0.6867
Dec.	0.6982	0.7000	0.6960	0.6921
Mar.	0.7035	0.7045	—	0.6978

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Close	High	Low	Prev.
June	0.7198	0.7207	0.7170	0.7132
Sept.	0.7257	0.7265	0.7230	0.7189
Dec.	0.7322	0.7327	0.7299	0.7251
Mar.	0.7390	0.7400	0.7360	0.7318
June	0.7464	0.7440	—	0.7390

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Close	High	Low	Prev.
June	0.5629	0.5634	0.5590	0.5558
Sept.	0.5676	0.5680	0.5638	0.5601
Dec.	0.5724	0.5725	0.5688	0.5644

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
June	92.60	92.66	92.56	92.72
Sept.	92.18	92.24	92.10	92.30
Dec.	91.93	92.00	91.85	92.08
Mar.	91.75	91.82	91.67	91.89
June	91.59	91.65	91.49	91.71
Sept.	91.43	91.50	91.30	91.55
Dec.	91.27	91.36	91.14	91.39
Mar.	91.13	91.22	91.01	91.25

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
June	280.95	286.50	280.80	287.60
Sept.	282.85	288.10	282.80	289.50
Dec.	284.35	289.90	284.00	291.25
Mar.	285.90	—	285.40	292.85

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6570	1.6530	1.6468	1.6408	1.6330

IMM—STERLING $s per £

	Close	High	Low	Prev
June	1.6540	1.6550	1.6420	1.6350
Sept.	1.6475	1.6490	1.6360	1.6265
Dec.	1.6435	1.6420	1.6325	1.6215
Mar.	1.6405	1.6360	1.6300	1.6145

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.6485	1.6480	1.6416	1.6280
Sept.	1.6410	—	—	1.6195
Dec.	1.6365	—	—	1.6125

Estimated volume 19 (25)
Previous day's open int 240 (248)

MONEY MARKETS

Confidence rises in London

THE CONFIDENT mood in London last week contrasted sharply with the lack of confidence in the US economic outlook.

Fears that Japanese investors will boycott future US Treasury auctions, as the dollar weakens and trade frictions increase between the US and Japan, overhung US credit markets.

The weakness of the dollar suggested the Federal Reserve might be forced to tighten its monetary policy in the face of the reluctance by the Bank of Japan and West German Bundesbank to cut interest rates.

UK clearing bank base lending rate 10 per cent since March 18-19

Officials in Tokyo said there would be no easing of credit policy ahead of this week's visit by the Japanese Prime Minister to Washington, and the Bundesbank did not cut its rate on securities repurchase agreements at last week's tender.

The US authorities will fear choking off any fragile recovery in economic growth with higher rates, but the alternative may be to see an acceleration in the movement of capital abroad.

London is already benefiting from this trend, as economic factors remain generally favourable and the political climate improves for the government. An opinion poll by NOP last week put the Conservatives in a lead of 15 points over Labour, and produced comments from the financial markets that if a general election is not called for June this will be regarded as a sign of weakness.

Three-month interbank fell, as hopes were revived of a cut in UK bank base rates. Generally comfortable day-to-day credit conditions changed Thursday, when clearing of delayed VAT payments created a record shortage of £2.2bn, but apart from a rise in very short term rates, this created few problems.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 24) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 13/16	offer 7 1/16	bid 7⅛	offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

BANK OF ENGLAND TREASURY BILL TENDER

	Apr. 24	Apr. 16		Apr. 24	Apr. 16
Bills on offer	£100m	£100m	Top accepted rate of discount	9.1852%	9.4659%
Total of applications	£497m	£511m	Average rate of discount	9.1731%	9.4619%
Total allocated	£100m	£100m	Average yield	9.39%	9.69%
Minimum accepted bid	£97.71	£97.64	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	75%	89%			

WEEKLY CHANGE IN WORLD INTEREST RATES

	Apr. 24	change		Apr. 24	change
LONDON			**NEW YORK**		
Base rates	10	Unch'd	Prime rates	7¾	Unch'd
7 day Interbank	9 13/16	+⅛	Federal Funds	6¼	−⅛
3-month Interbank	9 11/16	−⅛	3 Mth. Treasury Bills	5.86	+0.15
Treasury Bill Tender	9.1731	−0.2888	6 Mth. Treasury Bills	6.23	+0.15
Band 1 Bills	9⅝	Unch'd	3 Mth. C D	6.80	+0.25
Band 2 Bills	9 11/16	Unch'd	**FRANKFURT**		
Band 3 Bills	9¾	Unch'd	Lombard	5.0	Unch'd
Band 4 Bills	9 13/16	Unch'd	One mth. Interbank	3.85	+0.15
3 Mth. Treasury Bill	9 3/16	−⅛	Three month	3.85	+0.025
1 Mth. Bank Bills	9¾	−1/16	**PARIS**		
3 Mth. Bank Bills	9⅛	−⅛	Intervention Rate	7¾	Unch'd
TOKYO			One mth. Interbank	7¾	−⅛
One month Bills	3.84375	Unch'd	Three month	7 13/16	Unch'd
Three month Bills	3.96875	Unch'd	**MILAN**		
BRUSSELS			One month	10¼	−⅛
One month	7⅛	−⅛	Three month	10¼	Unch'd
Three month	7⅛	−⅛	**DUBLIN**		
AMSTERDAM			One month	11⅝	−½
One month	5¼	Unch'd	Three month	11¼	−½
Three month	5¼	−⅛			

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

MONEY RATES

NEW YORK (4pm)

		Treasury Bills and Bonds			
Prime rate	7¾	One month	4.49	Three year	7.73
Broker loan rate	7½	Two month	5.26	Four year	7.95
Fed. funds	6¼	Three month	5.89	Five year	8.02
Fed funds at intervention	(—)	Six month	6.29	Seven year	8.29
		One year	6.80	10 year	8.46
		Two year	7.45	30 year	8.68

Apr. 24	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50-3.65	3.80-3.90	3.80-3.90	3.80-3.90	3.85-3.95	5.0
Paris	7 11/16-7¾	7 11/16-7 13/16	7⅞-8	7⅞-8	7⅞-8	7¾
Zurich	⅞-1⅛	3½-3⅝	—	3⅞-4	—	—
Amsterdam	5⅛-5⅜	5¼-5⅜	—	5¼-5⅜	—	—
Tokyo	3.59375	3.84375	—	3.96875	—	—
Milan	10⅛-10⅜	9⅞-10⅜	—	10-10½	—	—
Brussels	6.70	7 1/16-7 3/16	—	7 1/16-7 3/16	—	—
Dublin	12-12¼	11¾-12	11½-11⅞	11⅛-11⅜	10½-10¾	—

LONDON MONEY RATES

Apr. 24	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12½-9¼	10-9⅞	9 13/16-9 11/16	9¾-9⅝	9 7/16-9 5/16	9½-9⅜
Sterling CDs.	—	—	9¾-9 11/16	9½-9 7/16	9⅜-9¼	9 5/16-9¼
Local Authority Deposits	10-9⅞	10-9⅞	9⅞-9¾	9¾-9⅝	9 7/16-9¼	9 7/16-9¼
Local Authority Bonds	—	—	10 1/16	10	9¾	9 13/16
Discount M'ket Deposits	11-10	9¾	9¾	9⅝	—	—
Company Deposits	10⅛	10⅛	10-9 11/16	9¾	9 7/16	9 5/16
Finance House Deposits	—	—	9 13/16	9⅝	9⅜	9⅜
Treasury Bills (Buy)	—	—	9¾	9 5/16	—	—
Bank Bills (Buy)	—	—	9¾	9⅝	9 5/16	—
Fine Trade Bills (Buy)	—	—	10⅛	10¼	9⅝	—
Dollar CDs	—	—	6.70-6.65	6.9-6.85	7.2-7.15	7.6-7.55
SDR Linked Deposits	—	—	6 5/16-5 13/16	6¼-6⅛	6⅝-6½	6⅞-6¾
ECU Linked Deposits	—	—	6 13/16-6 11/16	7-6⅞	7-6⅞	7 5/16-7 3/16

Treasury Bills (sell); one-month 9 11/16 per cent; three-months 9½ per cent; Bank Bills (sell): one-month 9 11/16 per cent; three months 9 11/16 per cent; Treasury Bills; Average tender rate of discount 9.1731 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from April 1, 1987: Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent; one-three months 9⅛ per cent; three-six months 9⅛ per cent; six-nine months 9⅛ per cent; nine-12 months 9⅝ per cent; Under £100,000 8 per cent from April 16. Deposits held under Series 5 10¾ per cent. Deposits withdrawn for cash 5 per cent.